



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR



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500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

November 2, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

The Board of Directors of the Los Angeles
County Public Works Financing Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**SALE AND ISSUANCE OF
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS
2006 MASTER REFUNDING PROJECT, SERIES A AND SERIES B
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the sale and issuance of not to exceed \$400,000,000 in lease revenue refunding bonds to refinance those prior obligations related to the County of Los Angeles 1996 Master Refunding Project, the 1997 Master Refunding Project, and the 2000 Antelope Valley Courthouse Project; and authorizing the execution and delivery of related documents required to issue the bonds and complete the refunding transaction.

ACTING AS THE BOARD OF DIRECTORS, IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the sale and issuance of not to exceed \$400,000,000 in lease revenue refunding bonds to refinance those prior obligations related to the County of Los Angeles 1996 Master Refunding Project, the 1997 Master Refunding Project, and the 2000 Antelope Valley Courthouse Project; and

authorizing the execution and delivery of related documents required to issue the bonds and complete the refunding transaction.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the Resolutions will authorize the issuance of lease revenue refunding bonds by the Los Angeles County Public Works Financing Authority (the "Authority") to refinance existing debt obligations and reduce the annual lease payments attributable to the County of Los Angeles (the "County"). A review of the County's outstanding debt portfolio identified several potential refunding candidates that can be economically refinanced in the current bond market. These financing opportunities include a current refunding of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (County of Los Angeles 1996 Master Refunding Project), Series A and Series B; a current refunding of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (1997 Master Refunding Project), Series A; and an advance refunding of the County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project), Series 2000A.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Fiscal Responsibility by reducing annual costs.

FISCAL IMPACT/FINANCING

Given the current interest rate market, the proposed transaction is projected to generate total gross savings of approximately \$73 million through fiscal year 2033-34. Annual savings to the County are expected to reach a maximum of more than \$10 million in fiscal year 2006-07 and will average approximately \$6 million per year through 2016-17. The resulting net present value of these savings is currently projected to be \$13.8 million; although actual savings will be highly dependent on the actual interest rate environment at the time of the sale.

The Resolutions provide for a true interest cost of not to exceed six (6) percent. If market conditions remain stable, however, we expect to issue the refunding bonds at much lower rates. Should market conditions change such that we are unable to achieve the appropriate level of savings, certain of the prior debt obligations may be withdrawn from the refunding project. In no instance will the maturity of any of the proposed refunding bonds extend beyond the existing maturity schedules.

Appropriations for lease payments associated with the prior debt issuances are included annually in the County Budget. Such appropriations will not be impacted in the current fiscal year.

FACTS AND PROVISIONS / LEGAL REQUIREMENTS

Given the current market environment, we anticipate that offering two series of fixed rate lease revenue refunding bonds will produce the greatest savings to the County. Under no circumstances will the principal amount of these refunding bonds exceed the maximum authorization of \$400,000,000. Should it prove beneficial to the transaction, the Resolutions provide the Treasurer with delegated authority to consider credit enhancement in the form of bond insurance. If warranted for this refunding, the bond insurer will be selected through a competitive bid process based on price and value added to the financing.

To implement the proposed structure, some or all of the existing leases with respect to the 1996 Master Refunding Project, 1997 Master Refunding Project, and the Antelope Valley Courthouse Project will be terminated and one or more new leases and subleases (with options to purchase) will be executed between the County and the Authority. This recommended structure will serve to release numerous County properties from their prior leases and free these facilities from their existing encumbrances. The only three properties expected to remain as security for the refunding bonds are the Lynwood Regional Justice Center, the Central Jail Expansion ("Twin Towers"), and the Antelope Valley Courthouse. Your Board's adoption of the attached Resolutions will serve to approve the general terms and conditions of the new leases as well as other related financing documents. A summary of all County properties affected by this proposed refunding is provided as an exhibit to this Letter.

Pursuant to the County's policies for the issuance of bonds, the Treasurer is recommending that the sale be conducted on a negotiated basis. Because the economics of a refunding transaction are highly sensitive to market fluctuations, control over the timing of the sale is essential. Such control is best achieved through a negotiated sale of the bonds. Following the completion of a modified bid request from our approved pool of long-term senior underwriters, we recommend that Citigroup Global Markets be appointed as Senior Managing Underwriter and Morgan Stanley be appointed as Co-Senior Manager. We anticipate selecting two or more additional underwriters to participate in the sale of the bonds once the final structure has been determined. Fieldman, Rolapp & Associates has been selected from the Board's approved pool of financial advisors and will act in that capacity for this transaction. Squire, Sanders & Dempsey LLP will serve as bond counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

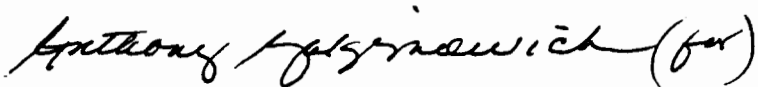
None to the County.

The Honorable Board of Supervisors
November 2, 2006
Page 4

CONCLUSION

Upon adoption, please return two (2) original executed copies of this letter and the Resolution to the Treasurer and Tax Collector's Office.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Anthony T. Saladino (for)".

MARK J. SALADINO
Treasurer and Tax Collector

Attachments

c: Chief Administrative Officer
County Counsel
Auditor-Controller

SUMMARY OF PRIOR OBLIGATIONS AND LEASED PROPERTIES

1996 Master Refunding Project (\$184,050,000 to be refunded)

- ***Central Jail Expansion ("Twin Towers")****
- Compton Courthouse
- East Los Angeles Courthouse
- El Monte Municipal Courthouse Building
- Fire Command and Control System
- Inglewood Municipal Courthouse and Parking Structure
- LAC+USC Intensive Care Unit
- Lost Hills Sheriff's Station
- ***Lynwood Regional Justice Center****
- Martin Luther King, Jr. General Hospital Parking Structure
- Martin Luther King, Jr. General Hospital Psychiatric Facility
- Mid-Valley Health Center
- Mira Loma Boys Camp
- Mobile Digital Communication System

1997 Master Refunding Project (\$87,950,000 to be refunded)

- Hollywood Courthouse
- LAC+USC AIDS Outpatient Clinic
- Long Beach Comprehensive Health Center
- Men's Central Jail Expansion Parking Structure
- Mira Loma Men's Medium Security Facility
- Pitchess Honor Rancho Laundry Expansion Site
- Pitchess Honor Rancho Medium Security North Facility
- Pitchess Honor Rancho Vehicle Maintenance Facility
- Pitchess Honor Rancho Visitors Clinic
- Pomona Municipal Courthouse
- Public Library Headquarters
- Registrar-Recorder Headquarters
- Temple City Sheriff's Station
- Van Nuys Courthouse

2000 Antelope Valley Courthouse Project (\$110,105,000 to be refunded)

- ***Antelope Valley Courthouse****

* The Central Jail Expansion ("Twin Towers"), Lynwood Regional Justice Center, and Antelope Valley Courthouse will provide security for the proposed 2006 Master Refunding Project. Twin Towers and Lynwood will be leased pursuant to one series of refunding bonds; whereas Antelope Valley Courthouse will be leased pursuant to a second series of refunding bonds. ALL OTHER PROPERTIES SHOWN ABOVE WILL BE RELEASED FROM THEIR EXISTING LEASES.

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$400,000,000 OF LEASE
REVENUE REFUNDING BONDS (2006 MASTER REFUNDING PROJECT) SERIES A
AND SERIES B AND RELATED MATTERS**

WHEREAS, the County of Los Angeles (the "County"), the Los Angeles County Regional Park and Open Space District, the Los Angeles County Flood Control District and the Community Facilities District No. 2 of the County of Los Angeles (Rowland Heights Area) have executed a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended, the "Agreement"), pursuant to the Joint Exercise of Powers Act constituting Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500) (the "Act") establishing the Los Angeles County Public Works Financing Authority (the "Authority"), for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the County; and

WHEREAS, in connection with the issuance of (i) \$307,170,000 in aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (County of Los Angeles 1996 Master Refunding Project), 1996 Series A (the "1996A Bonds") and (ii) \$145,235,000 in aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (County of Los Angeles 1996 Master Refunding Project), 1996 Series B (together with the 1996A Bonds, the "1996 Bonds"), issued pursuant to a Trust Agreement, dated as of August 1, 1996 (the "1996 Indenture"), by and among the County, the Authority and U.S. Bank National Association, as successor trustee, the County entered into a Lease and Option to Purchase, dated as of August 1, 1996 (the "1996 Sublease"), by and between the County and the Authority and a Site Lease, dated as of August 1, 1996 (the "1996 Lease"), by and between the County and the Authority; and

WHEREAS, in connection with the issuance of \$186,940,000 Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (1997 Master Refunding Project), Series A (the "1997 Bonds"), issued pursuant to an Indenture of Trust, dated as of November 1, 1997 (the "1997 Indenture"), by and among the Authority, the County and U.S. Bank National Association, as successor trustee, the County entered into a Sublease and Option to Purchase, dated as of November 1, 1997 (the "1997 Sublease"), by and between the County and the Authority and a Lease, dated as of November 1, 1997 (the "1997 Lease"), by and between the County and the Authority; and

WHEREAS, in connection with the execution and delivery of \$115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000A (the "2000 Certificates"), executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2000 (the "2000 Indenture"), by and among the County, the Los Angeles County Courthouse Corporation and U.S. Bank National Association, as successor trustee, the County entered into a Sublease and Option to Purchase, dated as of November 1, 2000 (the "2000 Sublease"), by and between the County and MBK Real Estate Ltd. and a Lease, dated as of November 1, 2000 (the "2000 Lease"), by and between the County and MBK Real Estate Ltd. (the 1996 Bonds, the 1997 Bonds and the 2000 Certificates being referred to collectively herein as the "Prior Obligations," and the respective maturities of each being refunded as described

herein being referred to collectively as the “Refunded Obligations;” the 1996 Sublease, the 1997 Sublease and the 2000 Sublease being referred to collectively herein as the “Prior Subleases;” and the 1996 Lease, the 1997 Lease and the 2000 Lease being referred to collectively herein as the “Prior Leases”); and

WHEREAS, the County may provide for the prepayment, refunding or defeasance, as applicable, of the Prior Obligations in whole or in part by exercising its option to purchase the interests of the respective sublessors in the subleased facilities under the respective Prior Subleases; and

WHEREAS, the County has determined that the prepayment, refunding or defeasance, as applicable, of the Refunded Obligations will result in significant cost savings to the County, and therefore to exercise its purchase options under the Prior Subleases in whole or in part so as to provide for the prepayment, refunding or defeasance, as applicable, of the Refunded Obligations; and

WHEREAS, to aid the County in effecting the prepayment, refunding or defeasance, as applicable, of the Refunded Obligations and in exercising its purchase option rights under the Prior Subleases, the Authority proposes to issue its Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A and Series B in an aggregate principal amount not to exceed \$400,000,000 (the “Bonds”); and

WHEREAS, the Bonds are to be issued pursuant to Sections 6584 *et seq.* of the Act (the “Bond Law”) and pursuant to the Indentures (as hereinafter defined); and

WHEREAS, the County proposes to enter into a Lease (the “Leases”) with respect to each series of Bonds, each with the Authority, pursuant to which the County will lease its interests in certain real property and improvements thereon (the “Facilities”) to the Authority as described in the Leases; and

WHEREAS, the County has determined that in order to finance the prepayment, refunding or defeasance, as applicable, of the Prior Obligations, it is necessary and desirable for the County to enter into a separate Sublease and Option to Purchase (the “Subleases”) with respect to each series of Bonds with the Authority, pursuant to which the Authority will lease back to the County the interest in the Facilities that the County leased to the Authority pursuant to the Leases, in consideration for which the County will pay base rentals (“Base Rentals”) and additional rentals for the use and occupancy of such Facilities on the terms and conditions contained in the Subleases; and

WHEREAS, the County and the Authority propose to enter into an Indenture of Trust (the “Indentures”) with respect to each series of Bonds with U.S. Bank National Association (the “Trustee”), pursuant to which the Authority will issue and the Trustee will authenticate and deliver the Bonds payable from Base Rentals to be made by the County under the Subleases; and

WHEREAS, the Authority proposes to assign and transfer to the Trustee certain of its respective rights, obligations, title and interest under the Subleases; and

WHEREAS, the Authority desires to provide for the public offering and sale of the Bonds; and

WHEREAS, the Authority is authorized to undertake all of the above pursuant to the Act, the Bond Law, the Agreement, the California Government Code and other applicable laws of the State of California;

NOW, THEREFORE, IT IS RESOLVED AND ORDERED by the Board of Directors of the Los Angeles County Public Works Financing Authority (the "Board") as follows:

SECTION 1. The Board hereby finds and determines that the issuance of the Bonds will result in significant public benefits within the contemplation of Section 6586 of the Bond Law.

SECTION 2. The form of the Leases, as filed with this Board and by this reference incorporated herein, is hereby approved. The officers of the Authority and their authorized representatives are and each of them acting alone is hereby authorized for, in the name of and on behalf of the Authority to execute by manual or facsimile signature and deliver the Leases in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The officers of the Authority and their authorized representatives are hereby further authorized and directed, jointly and severally, to execute and deliver any other documents as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority to effect conveyance of the Facilities, such determination to be evidenced conclusively by the execution and delivery thereof.

SECTION 3. The form of the Subleases, as filed with this Board and by this reference incorporated herein, is hereby approved. The officers of the Authority and their authorized representatives are and each of them acting alone is hereby authorized for, in the name of and on behalf of the Authority to execute by manual or facsimile signature and deliver the Subleases in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority, including but not limited to substituting or adding other nonprofit public benefit corporations or joint powers authorities as lessors, such approval to be conclusively evidenced by the execution and delivery thereof. The officers of the Authority and their authorized representatives are hereby further authorized and directed, jointly and severally, to execute and deliver any other documents as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority to effect conveyance of the Facilities, such determination to be evidenced conclusively by the execution and delivery thereof.

SECTION 4. The form of the Indentures, as filed with this Board and by this reference incorporated herein, is hereby approved. The officers of the Authority and their authorized representatives are and each of them acting alone is hereby authorized for, in the name of and on behalf of the Authority to execute by manual or facsimile signature and deliver the Indentures in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The issuance of the Bonds in an

aggregate principal amount not to exceed \$400,000,000 is hereby approved. Such Bonds may be executed and delivered in a greater aggregate principal amount if combined with an additional authorization approved by this Board or in one or more series as determined by the Treasurer and Tax Collector of the County, acting as Treasurer of the Authority (the "Treasurer"). The Bonds are authorized to be executed for, in the name of and on behalf of the Authority by the manual or facsimile signature of the Chair of the Authority and attested by the manual or facsimile signature of the Treasurer or his designee. The Bonds, when so executed and attested, are authorized to be delivered to the Trustee for authentication. The Bonds shall be special limited obligations of the Authority, payable solely from amounts received under the respective Sublease, and the Authority shall not be obligated to pay the Bonds except from such amounts and certain amounts on hand under the respective Indenture.

SECTION 5. The form of the Continuing Disclosure Certificate of the County (the "Continuing Disclosure Certificate"), as filed with this Board and by this reference incorporated herein, is hereby approved.

SECTION 6. The form of the Bond Purchase Agreement (the "Bond Purchase Agreement"), by and among Citigroup Global Markets, Inc., as representative of the several underwriters named or to be named therein (the "Underwriters"), the County and the Authority, as filed with this Board and by this reference incorporated herein, is hereby approved. The officers of the Authority and their authorized representatives are and each of them is hereby authorized for, in the name of and on behalf of the Authority to execute by manual or facsimile signature and deliver the Bond Purchase Agreement in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. In connection with the execution and delivery of the Bond Purchase Agreement, the officers and their authorized representatives are further authorized and directed to negotiate the price and the interest rates for the Bonds to be sold pursuant to such Bond Purchase Agreement such that the true interest cost to the Authority with respect to the aggregate principal amount of the Bonds shall not exceed 6.0%. All or any portion of the Bonds may be issued as serial, term or capital appreciation bonds. The Bonds may be executed and delivered with all or any portion of the Bonds having variable interest rates, including rates that vary in proportion to each other, subject to the true interest cost restriction set forth in this paragraph and applicable statutes. All or any portion of the Bonds may be sold with (i) credit enhancement (such as a letter of credit, a surety bond or a policy of municipal bond insurance), if the Treasurer, in consultation with the Underwriters, determines that the savings to the County resulting from the purchase of such credit enhancement exceeds the cost thereof, or (ii) bank liquidity support agreements in the event that Bonds with variable interest rates are executed and delivered. The Treasurer is authorized to acquire one or more commitments for the issuance of such credit enhancement or bank liquidity support.

In the event the Treasurer determines that the Bonds shall be executed and delivered in more than two series, the officers of the Authority and their authorized representatives are and each of them is hereby further authorized and directed for and in the name of the Authority, to execute and deliver such additional bond purchase agreements as such officers may deem necessary or appropriate in connection with such additional series of Bonds, in each case with such underwriter(s) as the Treasurer may select; provided that each such bond

purchase agreements shall be in the form of the Bond Purchase Agreement and shall be subject to the true interest cost restriction set forth in the preceding paragraph.

SECTION 7. The form of the preliminary official statement relating to the Bonds (the "Preliminary Official Statement") submitted to this meeting is hereby approved for use in connection with the public offering of the Bonds, with such changes as may be approved by the officers of the Authority and their authorized representatives. The officers of the Authority and their authorized representatives are and each of them acting alone is hereby authorized by and on behalf of the Authority to certify to the Underwriters that the Preliminary Official Statement is deemed "final" for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule") (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The officers of the Authority and their authorized representatives are and each of them acting alone is hereby authorized and directed to assist in the preparation of a final official statement relating to the Bonds (the "Official Statement") in substantially the form of the Preliminary Official Statement; such officers and their authorized representatives are also hereby authorized and directed to cause the printing and delivery of the Preliminary Official Statement and the Official Statement. The distribution of the Preliminary Official Statement and the Official Statement in connection with the public offering of the Bonds is hereby approved.

SECTION 8. In connection with, or incidental to, the issuance of the Bonds by the Authority, or the acquisition or carrying out of any investment or program of investment by any officer of the Authority, the Treasurer and each other officer of the Authority responsible for the Bonds or such investment or program of investment, acting alone, may enter into any contracts, including, without limitation, contracts commonly known as interest rate swap agreements; forward payment conversion agreements; futures or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices; contracts to exchange cash flows or a series of payments; municipal bond warrants; custodial receipts; contracts relating to the establishment of a reserve fund surrogate; investment contracts; or contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the officers determine to be necessary or appropriate to place the Bonds or such investment or program of investment, or such other contract or contracts, in whole or in part, on the interest rate or other basis determined by such officers, to eliminate or reduce any potential difference between the amounts paid as interest or a discount in the amount received as interest or other investment income in connection with the Bonds or such investment or program of investment, as applicable.

These contracts and arrangements shall be entered into with the parties selected by the means, and contain the payment, security, default, remedy and other terms and conditions, determined by the officers in consultation with the Treasurer executing such contracts, after giving due consideration to the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or other criteria as may be appropriate. This Board hereby determines that the contracts authorized hereby are designed to reduce the amount or duration of payment, rate, spread or similar risk when used in combination with the issuance of the Bonds and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incidental to, the contract or arrangement which is entered into.

SECTION 9. The officers of the Authority and their authorized representatives are hereby authorized to take any and all actions they deem necessary or advisable to carry out the purposes of this Resolution and all actions heretofore taken by any of them with respect to the execution, authentication, delivery and sale of the Bonds or in connection with or related to any of the agreements referenced herein for the financing of the Facilities are hereby approved, confirmed and ratified.

Without limiting the foregoing, the officers of the Authority and their authorized representatives are and each of them is hereby further authorized to execute and deliver for and in the name of the Authority such amendments or supplements to the Leases, the Subleases, the Indentures and the Bond Purchase Agreement as may be necessary or desirable, in the judgment of such officers, to effectuate the execution, authentication, delivery and sale of the Bonds in more than one series, to substitute parties to such financing agreements or to otherwise carry out the purposes of this Resolution and such other documents referred to in this Resolution or as may be necessary or desirable to effectuate the purpose of this Resolution, including, but not limited to documents necessary or desirable for the termination of the Prior Leases and the Prior Subleases.

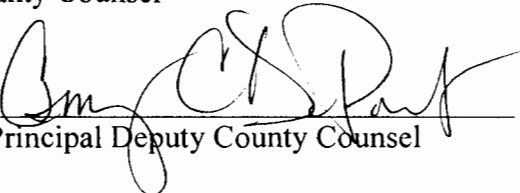
SECTION 10. This Resolution shall take effect immediately upon its adoption.

The foregoing Resolution was on the ____ day of _____, 2006, adopted by the Board of Supervisors of the County of Los Angeles, and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts, acting herein as the Board of Directors of the Los Angeles County Public Works Financing Authority.

SACHI A. HAMAI
Executive Officer - Clerk of
the Board of Supervisors

By _____
Deputy

Approved as to Form:
RAYMOND G. FORTNER, JR.
County Counsel

By 
Principal Deputy County Counsel

INDENTURE OF TRUST

Dated as of [December] 1, 2006

Among

COUNTY OF LOS ANGELES,

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

Relating to the

\$[_____]

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS
(2006 Master Refunding Project) Series A

TABLE OF CONTENTS

	Page
ARTICLE I.	
APPOINTMENT OF TRUSTEE; DEFINITIONS; ASSIGNMENT	3
Section 1.01.	Appointment of Trustee 3
Section 1.02.	Definitions..... 3
Section 1.03.	Rules of Construction 12
Section 1.04.	Timing of Actions 12
Section 1.05.	Authorization 13
Section 1.06.	Pledge and Assignment..... 13
Section 1.07.	Equal Security..... 13
ARTICLE II.	
BONDS	14
Section 2.01.	Designation 14
Section 2.02.	Description of Bonds 14
Section 2.03.	Form 15
Section 2.04.	Authentication..... 15
Section 2.05.	Transfer and Exchange 15
Section 2.06.	Bonds Mutilated, Lost, Destroyed or Stolen..... 16
Section 2.07.	Execution of Documents and Proof of Ownership 16
Section 2.08.	Bond Register..... 16
Section 2.09.	Nonpresentment of Bonds..... 17
Section 2.10.	Unclaimed Money..... 17
Section 2.11.	Book-Entry System; Limited Obligation 17
Section 2.12.	Representation Letter 18
Section 2.13.	Transfers Outside Book-Entry System 19
Section 2.14.	Payments and Notices to the Nominee 19
Section 2.15.	Initial Depository and Nominee..... 19
ARTICLE III.	
INTEREST RATE AND OTHER BOND PROVISIONS	20
Section 3.01.	Interest on the Bonds 20
Section 3.02.	Medium of Payment; Interest Accrual 20
ARTICLE IV.	
FUNDS AND ACCOUNTS	20
Section 4.01.	Application of Proceeds of Sale of the Bonds and Other Moneys..... 20
Section 4.02.	Establishment and Application of Costs of Issuance Fund 21
Section 4.03.	Establishment and Application of Base Rental Fund 21
Section 4.04.	Establishment and Application of Bond Fund 22
Section 4.05.	Establishment and Application of Reserve Fund..... 23
Section 4.06.	Surplus 25
Section 4.07.	Additional Rental 25
Section 4.08.	Repair or Replacement; Application of Insurance Proceeds 25
Section 4.09.	Title Insurance 26

TABLE OF CONTENTS

(continued)

Page

Section 4.10.	Application of Amounts After Default by the County.....	27
Section 4.11.	Moneys Held in Trust	27
Section 4.12.	Investments Authorized	27
Section 4.13.	Reports	28
Section 4.14.	Valuation and Disposition of Investments.....	28
Section 4.15.	Application of Investment Earnings	28
Section 4.16.	Establishment and Application of Earnings Fund	28
ARTICLE V.	REDEMPTION.....	29
Section 5.01.	Redemption.....	29
Section 5.02.	Selection of Bonds for Redemption.....	29
Section 5.03.	Notice of Redemption	30
Section 5.04.	Partial Redemption of Bonds	31
Section 5.05.	Effect of Notice of Redemption.....	31
Section 5.06.	Bonds No Longer Outstanding	32
Section 5.07.	Purchase of Bonds.....	32
ARTICLE VI.	THE TRUSTEE AND PAYING AGENTS.....	32
Section 6.01.	Compensation of Trustee	32
Section 6.02.	Removal of Trustee.....	33
Section 6.03.	Resignation of Trustee	33
Section 6.04.	Merger or Consolidation.....	33
Section 6.05.	Protection and Rights of the Trustee.....	33
Section 6.06.	Trustee to Act as Set Forth Herein.....	35
Section 6.07.	Paying Agents	35
ARTICLE VII.	AMENDMENTS	36
Section 7.01.	Amendments to Indenture.....	36
Section 7.02.	Amendments to Lease and Sublease.....	36
Section 7.03.	Consent of Owners.....	37
Section 7.04.	Additional Bonds	38
ARTICLE VIII.	COVENANTS; NOTICES	40
Section 8.01.	Extension of Payment of Bonds.....	40
Section 8.02.	Offices for Servicing Bonds.....	40
Section 8.03.	Access to Books and Records.....	40
Section 8.04.	General	40
Section 8.05.	Tax Matters	40
Section 8.06.	Performance	41
Section 8.07.	Prosecution and Defense of Suits	41
Section 8.08.	Further Assurances.....	42
Section 8.09.	Continuing Disclosure	42

TABLE OF CONTENTS

(continued)

	Page
ARTICLE IX.	EVENTS OF DEFAULT 42
Section 9.01.	Events of Default Defined 42
Section 9.02.	Remedies on Default..... 43
Section 9.03.	Notice of Events of Default 43
Section 9.04.	No Remedy Exclusive..... 43
Section 9.05.	Waiver; No Additional Waiver Implied by One Waiver 43
Section 9.06.	Action by Owners 43
Section 9.07.	Application of Proceeds in Event of Default 44
ARTICLE X.	LIMITATION OF LIABILITY 44
Section 10.01.	No Liability of Authority for Trustee Performance 44
Section 10.02.	No Liability of Trustee for Base Rental Payments by County..... 45
Section 10.03.	No Liability of County or Authority Except as Stated 45
Section 10.04.	Limited Liability of Trustee..... 45
Section 10.05.	Limited Liability of County and Authority..... 45
Section 10.06.	Indemnification 46
Section 10.07.	Limitation of Rights..... 46
ARTICLE XI.	PROVISIONS RELATING TO BOND INSURANCE 46
Section 11.01.	Provisions of this Article to Govern 46
Section 11.02.	Insurer Deemed Sole Owner 46
Section 11.03.	Insurer Right to Control Remedies 46
Section 11.04.	Trustee Application of Moneys in Event of Default..... 47
Section 11.05.	Removal of Trustee and Appointment of Successor Trustee..... 47
Section 11.06.	Insurer Third Party Beneficiary 47
Section 11.07.	Amendment..... 47
Section 11.08.	Limitation on Certain Rights of Insurer; Effect of Exercise Thereof..... 47
Section 11.09.	Claims Upon the Insurance Policy and Payments by and to the Insurer 47
Section 11.10.	Additional Bonds 49
Section 11.11.	Notices and Information to be Provided to Insurer..... 49
Section 11.12.	Defeasance 49
Section 11.13.	Provisions Relating to Surety..... 50
ARTICLE XII.	MISCELLANEOUS 50
Section 12.01.	Defeasance 50
Section 12.02.	Records 51
Section 12.03.	Notices 52
Section 12.04.	Governing Law 52
Section 12.05.	Partial Invalidity..... 53
Section 12.06.	Binding Effect; Successors; Parties Interested Herein..... 53

TABLE OF CONTENTS
(continued)

	Page
Section 12.07. Execution in Counterparts.....	53
Section 12.08. Destruction of Canceled Bonds	53
Section 12.09. Excess Payments.....	53
Section 12.10. Headings	53
EXHIBIT A - FORM OF BOND	A-1
EXHIBIT B - FORM OF REPRESENTATION LETTER	B-1
EXHIBIT C - FORM OF PAYMENT REQUEST	C-1
EXHIBIT D - TAX AND NONARBITRAGE CERTIFICATE	D-1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of [December] 1, 2006 (the "Indenture"), among the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (the "Trustee"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers entity formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Authority");

W I T N E S S E T H:

WHEREAS, in connection with the issuance of (i) \$307,170,000 in aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (County of Los Angeles 1996 Master Refunding Project), Series A (the "1996A Bonds") and (ii) \$145,235,000 in aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (County of Los Angeles 1996 Master Refunding Project), Series B (together with the 1996A Bonds, the "1996 Bonds"), issued pursuant to a Trust Agreement, dated as of August 1, 1996, by and among the Authority, the County and U.S. Bank National Association, as successor trustee, the County entered into a Lease and Option to Purchase, dated as of August 1, 1996 (the "1996 Sublease"), by and between the County and the Authority and a Site Lease, dated as of August 1, 1996, by and between the County and the Authority; and

WHEREAS, in connection with the issuance of \$186,940,000 Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (1997 Master Refunding Project), Series A (together with the 1996 Bonds, the "Refunded Obligations"), issued pursuant to an Indenture of Trust, dated as of November 1, 1997, by and among the Authority, the County and U.S. Bank National Association, as successor trustee, the County entered into a Sublease and Option to Purchase, dated as of November 1, 1997 (together with the 1996 Sublease, the "Prior Subleases"), by and between the County and the Authority and a Lease, dated as of November 1, 1997, by and between the County and the Authority; and

WHEREAS, the County may provide for the defeasance of the Refunded Obligations in whole or in part by exercising its option to purchase the interests of the Authority in the subleased facilities under the respective Prior Subleases; and

WHEREAS, the County has determined that the prepayment and defeasance of the Refunded Obligations will result in significant cost savings to the County, and therefore to exercise its purchase options under the Prior Subleases in whole or in part so as to provide for the refunding and defeasance of the Refunded Obligations; and

WHEREAS, in order finance the defeasance of the Refunded Obligations it is necessary and desirable for the County to enter into a Lease, dated the date hereof (the "Lease") with the Authority, pursuant to which the County agrees, among other things, to

lease to the Authority certain real property and certain buildings, fixtures and improvements currently thereon, as more particularly described therein and in Exhibit A to the Lease (the "Facilities"); and

WHEREAS, the County has determined that in order to finance the defeasance of the Refunded Obligations it is necessary and desirable for the County to enter into a Sublease and Option to Purchase (the "Sublease") with the Authority, pursuant to which the Authority will lease back to the County the interest in the Facilities that the County leased to the Authority pursuant to the Lease, in consideration for which the County will pay base rental ("Base Rental") and additional rental for the use and occupancy of such Facilities on the terms and conditions contained in the Sublease; and

WHEREAS, the County is authorized pursuant to the laws of the State of California to enter into leases and subleases for such purpose; and

WHEREAS, pursuant hereto the Authority will issue and the Trustee will authenticate and deliver its Lease Revenue Refunding Bonds (2006 Master Refunding Project), Series A (the "Bonds"); and

WHEREAS, the Authority, pursuant to the terms hereof, agrees to assign to the Trustee certain of its rights under the Lease and the Sublease, including the right to receive Base Rental payments under the Sublease; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, and to secure the payment of the principal thereof and premium, if any, and interest thereon, the County and the Authority have authorized the execution and delivery of this Indenture; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture do exist, have happened and have been performed in due time, form, and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of its duties hereby imposed, and of the purchase and acceptance of the Bonds by the Owners thereof, and to fix and declare the terms and conditions upon which the Bonds are to be executed, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, and to secure the payment of the Bonds and the interest thereon according to their tenor, purport and effect, and to secure the performance and observance of all of the covenants, agreements and conditions contained therein, herein and in the Sublease, the Authority by these presents does hereby grant, bargain, sell, release, convey, assign, transfer and pledge unto the Trustee for the benefit of the Owners, but subject to application as herein provided, all its right, title and interest in and to all amounts on hand from time to time in the funds, accounts and subaccounts established hereunder (other than the Excess Earnings Account of the Earnings Fund) and any additional property that may

from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by the Authority or by anyone on its behalf, subject only to the provisions of this Indenture and the Sublease.

To have and to hold all of the above unto the Trustee and its successors and assigns forever for the equal and ratable benefit of the Owners from time to time of all the Bonds executed and delivered hereunder and Outstanding, without any priority of any one Bond over any other, except that amounts deposited into or held in a fund or account hereunder for the payment or security of specified Bonds shall be held for the benefit only of such Bonds and shall provide security only for those Bonds for which such deposit was made, all upon the trusts and subject to the covenants and conditions hereinafter set forth.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

ARTICLE I.

APPOINTMENT OF TRUSTEE; DEFINITIONS; ASSIGNMENT

Section 1.01. Appointment of Trustee. U.S. Bank, National Association is hereby appointed to act solely as set forth herein, to receive, hold and disburse in accordance with the terms hereof the money to be paid to it, to authenticate and deliver the Bonds, to apply and disburse payments received pursuant to the Sublease to the Owners of such Bonds and to perform certain other functions, all as hereinafter provided. By executing and delivering this Indenture, the Trustee accepts the duties and obligations provided herein, but only upon the terms and conditions herein set forth.

Section 1.02. Definitions. For all purposes of this Indenture, unless the context requires otherwise, the following terms shall have the following meanings:

“Additional Bonds” mean any additional bonds executed, authenticated and delivered pursuant to Section 7.04 hereof.

“Additional Rental” means the amounts specified as such in Section 3.1(b) of the Sublease.

“Authority” means the Los Angeles County Public Works Financing Authority, a joint exercise of powers entity formed pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code, and its successors and assigns.

“Authority Representative” means the Treasurer of the Authority or another official designated by such officer and authorized by such officer to act on behalf of the Authority under or with respect to this Indenture and all other agreements related hereto.

“Authorized Denominations” mean \$5,000 or any integral multiple thereof.

“Base Rental” means the amount referred to as such in Section 3.1(a) of the Sublease, as such amounts may be adjusted from time to time in accordance with the terms thereof, but does not include Additional Rental.

“Base Rental Fund” means the fund of that name established pursuant to Section 4.03 of this Indenture.

“Bond Fund” means the fund of that name established pursuant to Section 4.04 of this Indenture.

“Bond Register” means the books for the registration of the ownership of Bonds referred to in Section 2.08 of this Indenture.

“Bonds” means the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A, authenticated and delivered by the Trustee pursuant to this Indenture and any Additional Bonds issued in accordance with this Indenture.

“Business Day” means a day which is not a Saturday, a Sunday, a day on which banking institutions are authorized or required by law or executive order to be closed in the State of New York or in the State for commercial banking purposes or a day on which the New York Stock Exchange is closed.

“Chair of the Board of Supervisors” means the Chair, Chairman, Chairperson or Mayor of the Board of Supervisors of the County.

“Closing Date” means [December ____], 2006, the date of initial delivery of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and all proposed, temporary or final Treasury Regulations promulgated thereunder.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate of the County, dated as of the date hereof.

“Costs of Issuance” means all the costs of preparation, sale, execution and delivery of the Bonds and other costs related to the financing provided thereby, including, but not limited to: all printing and document preparation expenses in connection with the Financing Documents, the Bonds and the preliminary and final official statements pertaining to the Bonds; Rating Agency fees; market study fees; filing and recording fees; title search and title insurance fees; legal fees and expenses of counsel with respect to the financing of the Facilities; any computer and other expenses incurred in connection with the Bonds; the initial fees and expenses of the Trustee and its counsel and any paying agent and its counsel (including without limitation origination fees and first annual fees payable in advance); fees and expenses of financial advisors, escrow agents and verification agents; any costs associated with obtaining a municipal bond insurance policy or a surety bond; and other fees and expenses incurred in connection with the execution, authentication and delivery of the Bonds or the implementation of the financing for the Facilities, to the extent such fees and expenses are approved by a County Representative or an Authority Representative.

“Costs of Issuance Fund” means the fund of that name established pursuant to Section 4.02 of this Indenture.

“County” means the County of Los Angeles, a political subdivision of the State, and its successors and assigns.

“County Representative” means the Treasurer and Tax Collector of the County or another official designated by such officer and authorized by such officer to act on behalf of the County under or with respect to this Indenture and all other agreements related hereto.

“Credit Facility” means a letter of credit, line of credit, surety bond or insurance policy or similar facility, or a substitute letter of credit, a substitute line of credit, a substitute surety bond, a substitute insurance policy or a substitute similar facility.

“Deposit Date” means each February 15 and August 15 during the Term of the Sublease, commencing August 15, 2007, or, if any such date is not a Business Day, the next succeeding Business Day.

“Depository” means DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the Authority discontinues use of the Depository pursuant to Section 2.13 hereof, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority with the consent of the Trustee.

“Depository Participant” means a member of, or participant in, the Depository.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Earnings Fund” means the fund of that name established pursuant to Section 4.16 of this Indenture.

“Escrow Agent” means U.S. Bank National Association and its successors and assigns.

“Escrow Agreement” means the Escrow Agreement, dated the date hereof, by and between the County and the Escrow Agent relating to the refunding and defeasance of the Refunded Obligations.

“Event of Default” means any one or more of the events described in subsections (a), (b) and (c) of Section 9.01 of this Indenture.

“Excess Earnings Account” means the account of that name established in the Earnings Fund pursuant to Section 4.16 of this Indenture.

“Facilities” means the real property together with the improvements currently thereon, as described in Exhibit A to the Sublease, as such Exhibit A may be amended from time to time.

“Financial Guaranty Agreement” means the Financial Guaranty Agreement, if any, by and between the Authority and the Insurer relating to the Surety.

“Financing Documents” means this Indenture, the Lease and the Sublease, as each may from time to time be amended or supplemented in accordance with its respective terms.

“Fiscal Year” means the fiscal year of the County, which at the date of this Indenture is the period from and including each July 1 to and including the following June 30.

“Government Obligations” means: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), including United States Treasury Securities — State and Local Government Securities (“SLGS”); (b) noncallable obligations of a state, a territory or a possession of the United States of America, or any political subdivision of any of the foregoing, or of the District of Columbia, within the meaning of Section 103(c) of the Code, which are rated AAA by S&P and Aaa by Moody’s and which are not guaranteed directly or indirectly by direct or indirect obligations of the United States of America within the meaning of Section 149(b) of the Code; (c) noncallable obligations of, or obligations guaranteed as to principal and interest by, any agency or instrumentality of the United States of America, when such obligations are backed by the full faith and credit of the United States, including, but not limited to, (i) all direct or fully guaranteed U.S. Treasury Obligations, Farmers Home Administration certificates of beneficial ownership, General Services Administration participation certificates, U .S. Maritime Administration guaranteed Title XI financing, Small Business Administration - guaranteed participation certificates and guaranteed pool certificates, Government National Mortgage Association (“GNMA”) - GNMA guaranteed mortgage-backed securities and GNMA guaranteed participation certificates, U. S. Department of Housing and Urban Development local authority bonds, Washington Metropolitan Area Transit Authority guaranteed transit bonds, and State and Local Government Series; (ii) non-callable obligations of government-sponsored agencies that are not backed by the full faith and credit of the U. S. Government, including, but not limited to, Federal Home Loan Mortgage Corp. (FHLMC) debt obligations, Farm Credit System (formerly Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives) consolidated systemwide bonds and notes, Federal Home Loan Banks (FHL Banks) consolidated debt obligations, Federal National Mortgage Association (FNMA) debt obligations, and Resolution Funding Corp. (REFCORP) debt obligations; and (iii) certain stripped securities where the principal-only and interest-only strips are derived from non-callable obligations issued by the U. S. Treasury and REFCORP securities stripped by the Federal Reserve Bank of New York, excluding custodial receipts, i.e. CATs, TIGERS, unit investment trusts and mutual funds, etc.; (d) such other federal securities as may be permitted under regulations issued pursuant to Section 149(b) of the Code which, in the opinion of Independent Counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds; or (e) pre-refunded tax-exempt municipal obligations for which a defeasance opinion has been rendered by nationally recognized bond counsel.

“Hazardous Substances” mean all substances, wastes, pollutants and contaminants now or hereafter included within such (or any similar) term under any federal, state or local statute, ordinance, code or regulation now existing or hereafter enacted or amended.

“Indenture” means this Indenture of Trust as it may from time to time be amended or supplemented in accordance with its terms.

“Independent Counsel” means an attorney or firm of attorneys of recognized national standing in the field of municipal finance selected by the County or the Authority.

“Insurance Policy” means the insurance policy No. [] issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due as provided therein.

“Insurer” means [] or any successor thereto or assignee thereof.

“Interest Account” means the account by that name within the Bond Fund established pursuant to Section 4.04 hereof.

“Interest Payment Date” means March 1 and September 1 in each year, commencing September 1, 2007, until the maturity or earlier redemption of the Bonds.

“Investment Earnings” means income or gains received with respect to the investment of money on deposit in any fund, account or subaccount established hereunder.

“Investment Earnings Account” means the account of that name established in the Earnings Fund pursuant to Section 4.16 of this Indenture.

“Lease” means that certain Lease, dated as of the date hereof, by which the County has leased the Facilities to the Authority, as it may from time to time be amended or supplemented in accordance with its terms.

“Lease Year” means the period from each July 1 to and including the following June 30 during the Term of the Sublease.

“Maximum Annual Debt Service” means the largest of the sums obtained during any Lease Year for the Bonds after totaling the following for each such year:

A. The principal amount of all Outstanding Bonds maturing in such year;
and

B. The interest which would be due during such year on the aggregate principal amount of Bonds Outstanding in such year.

“Moody’s” means Moody’s Investors Service, a Delaware corporation, and its successors and assigns.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant hereto.

“Outstanding,” when used as of any particular time with respect to Bonds, means all Bonds theretofore authenticated and delivered by the Trustee under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds that have been paid or are deemed to have been paid in accordance with this Indenture;

(c) Bonds described in Section 5.06 hereof; and

(d) Bonds in lieu of or in exchange for which other Bonds shall have been executed and delivered by the Trustee pursuant to this Indenture.

“Owner” means the registered owner, as indicated in the Bond Register, of any Bond.

“Principal Account” means the account by that name established within the Bond Fund pursuant to Section 4.04 hereof.

“Principal Office of the Trustee” means the corporate trust office of the Trustee located in Los Angeles, California; provided, however, that the Trustee may designate in writing to the County, the Authority and the Owners such other office or agency from time to time for purposes of registration, transfer, exchange or payment of Bonds.

“Qualified Investments” means, if and to the extent permitted by law and by any policy guidelines promulgated by the County:

1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 - a. Farmers Home Administration (FmHA) Certificates of beneficial ownership
 - b. Federal Housing Administration Debentures (FHA)
 - c. General Services Administration Participation certificates

- d. Government National Mortgage Association (GNMA or “Ginnie Mae”) GNMA - guaranteed mortgage-backed bonds GNMA - guaranteed pass-through obligations (participation certificates)
 - e. U.S. Maritime Administration Guaranteed Title XI financing
 - f. U.S. Department of Housing and Urban Development (HUD) Project Notes Local Authority Bonds
3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
- a. Federal Home Loan Bank System Senior debt obligations (Consolidated debt obligations)
 - b. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) Participation Certificates (Mortgage-backed securities) Senior debt obligations
 - c. Federal National Mortgage Association (FNMA or “Fannie Mae”) Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal.)
 - d. Student Loan Marketing Association (SLMA or “Sallie Mae”) Senior debt obligations
 - e. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
 - f. Farm Credit System Consolidated systemwide bonds and notes
4. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAAm; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2.
5. Certificates of deposit secured at all times by collateral described in (1) or (2) above. CD’s must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated “A-1+” or better by S&P and “Prime-1” by Moody’s. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.
6. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

7. Investment Agreements, including GIC's, acceptable to MBIA (Investment Agreement criteria is available upon request).
8. Commercial paper rated "Prime – 1" by Moody's and "A-1+" or better by S&P.
9. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.
10. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime – 1" or "A3" or better by Moody's and "A-1+" by S&P.
11. Repurchase agreements ("Repos") that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria:

- a. Repos must be between the Trustee and a dealer bank or securities firm
 - i. Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by Standard & Poor's Ratings Group and Moody's, or
 - ii. Banks rated "A" or above by Standard & Poor's Ratings Group and Moody's Investors Service.
- b. The written Repo contract must include the following:
 - i. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - ii. The term of the Repo may be up to 30 days
 - iii. The collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - iv. The Trustee has a perfected first priority security interest in the collateral.

- v. Collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a Repo or reverse Repo.
- vi. Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate collateral.
- vii. Valuation of Collateral
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (2) The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

c. Legal opinion which must be delivered to the Trustee:
Repo meets guidelines under state law for legal investment of public funds.

- 12. Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.
- 13. Local Agency Investment Fund of the State of California (LAIF), created pursuant to Section 16429.1 of the California Government Code.

“Rating Agencies” collectively, means the rating agencies maintaining a rating on the Bonds, initially S&P and Moody’s. The term “Rating Agency” means any one of the Rating Agencies.

“Record Date” means the close of business on the fifteenth day of the month next preceding each Interest Payment Date.

“Redemption Account” means the account of that name established in the Bond Fund pursuant to Section 4.04 of this Indenture.

“Redemption Notice” shall have the meaning assigned to such term in Section 5.03 hereof.

“Representation Letter” shall have the meaning assigned to such term in Section 2.12 hereof.

“Reserve Fund” means the fund of that name established pursuant to Section 4.05 of this Indenture.

“Reserve Requirement” means, as of any date of calculation, the least of (i) ten percent (10%) of the proceeds (within the meaning of section 148 of the Code) of the Bonds; (ii) 125% of average annual debt service on the then Outstanding Bonds; or (iii) the Maximum Annual Debt Service for that and any subsequent year.

“S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., a New York corporation, and its successors and assigns.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Special Account” means the account of that name to be established by the Trustee pursuant to Section 4.08 hereof for the purposes described therein.

“State” means the State of California.

“Sublease” means the Sublease and Option to Purchase, dated as of the date hereof, between the Authority and the County, as it may from time to time be amended or supplemented in accordance with its terms and the terms hereof.

“Surety” means the credit instrument, if any, provided by the Insurer to satisfy the Reserve Requirement for the Bonds.

“Tax Certificate” means the Tax and Nonarbitrage Certificate of the County and the Authority, dated [December ____], 2006, insubstantially the form attached hereto as Exhibit D.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, the trustee acting in its capacity as such under this Indenture, or any successor appointed as herein provided.

Section 1.03. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

Section 1.04. Timing of Actions. Whenever in this Indenture there is designated a time of day at or by which a certain action must be taken, such time shall be local time in Los Angeles, California, except as otherwise specifically provided herein. If the date for making any payment or the last day for the performance of any act or the exercise of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture, except as

otherwise specifically provided herein. Notwithstanding the foregoing, if an Interest Payment Date for the Bonds falls on a day which is not a Business Day, then amounts due on the Outstanding Bonds on such Interest Payment Date shall be paid on the next succeeding Business Day but interest shall accrue only to such Interest Payment Date.

Section 1.05. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution and delivery of this Indenture.

Section 1.06. Pledge and Assignment. (a) All Base Rental payments and any other amounts (including proceeds of the sale of the Bonds or income thereon or amounts derived in respect of the Sublease, including amounts derived upon termination and reletting of the Facilities) held by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Excess Earnings Account of the Earnings Fund) are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as provided herein; and shall not be used for any other purpose while any of the Bonds remain Outstanding except for such purposes as are permitted hereunder. This pledge shall constitute a pledge of and charge and lien upon such amounts and all other moneys on deposit in the funds and accounts established hereunder (excluding other amounts on deposit in Excess Earnings Account of the Earnings Fund) for the payment of the interest and premium, if any, on and principal of the Bonds in accordance with the terms hereof and thereof. (b) The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners of the Bonds, all of the Authority's rights, title and interest in and to the Lease, and the Sublease, and the Authority's rights under Section 11 ("Indemnification and Hold Harmless Agreement") of the Sublease, including the Authority's rights to receive Base Rental, as well as its rights to enforce payment of such Base Rental when due or otherwise to protect its interests in the event of a default by the County under the Sublease, in accordance with the terms thereof. Nothing herein shall be construed to relieve the Authority from the Authority's obligations, as assignee hereunder, or to constitute the assumption by the Trustee of such obligations. The Trustee hereby accepts the assignment and transfer of such of the Authority's rights, title and interest in and to the Lease and the Sublease, as assignee hereunder, as are assigned and transferred to the Trustee pursuant to the terms of this Indenture, for the purpose of securing such Base Rental and rights to the Owners, from time to time, of Bonds.

Excepting only the assignment and transfer of rights to the Trustee above, this assignment and transfer shall not confer any rights nor impose any duties, obligations or responsibilities upon the Trustee beyond those expressly provided in the Lease, the Sublease, and this Indenture.

Section 1.07. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract among the Authority, the County, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions

contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority or the County shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the series, number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II.

BONDS

Section 2.01. Designation. The Authority is hereby authorized and directed to execute, and the Trustee is hereby authorized and directed upon written request of an Authority Representative to authenticate and deliver the Bonds to the original purchaser or purchasers thereof. The Bonds shall be designated "Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A". The Authority may authorize the execution, authentication and delivery of Additional Bonds at any time after the execution, authentication and delivery of the Bonds only as provided in Section 7.04 hereof which Additional Bonds shall contain such additional designation as may be determined by the Authority.

Section 2.02. Description of Bonds. Each Bond shall be executed, authenticated and delivered in fully registered form and shall be numbered as determined by the Trustee. The Bonds shall be dated their date of delivery. The Bonds shall be executed and delivered in Authorized Denominations; provided, however, that the Bonds shall initially be executed, authenticated and delivered in book-entry form pursuant to Section 2.11 hereof. The Bonds shall be executed, authenticated and delivered in the aggregate principal amount of [] Dollars (\$[]).

(a) The Bonds shall mature on the dates, in the principal amounts, and interest thereon shall be computed at the rates (based on a 360-day year comprised of twelve thirty-day months), as shown below:

Maturity Date	Principal Amount	Coupon
September 1, 2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		

(b) If any payment on a Bond when due is delinquent, interest shall accrue on the delinquent amount and be payable by the Authority to the Owners at a rate of interest equal to the rate of interest accruing on the Bond pursuant to the provisions of this Indenture.

Section 2.03. Form. The Bonds shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein. The Bonds may be printed, lithographed, photocopied or typewritten and shall be in such Authorized Denominations as may be determined by the Authority.

Section 2.04. Authentication. The Bonds shall be authenticated by and in the name of the Trustee by the manual signature of an authorized signatory of the Trustee.

Section 2.05. Transfer and Exchange. The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Trustee. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown on the Bond, duly executed by the Owner or such Owner's duly authorized attorney. Upon such registration of transfer, a new Bond or Bonds of the same type, for the same maturity, aggregate principal amount and interest rate and in Authorized Denominations, will be executed, authenticated and delivered to the transferee in exchange therefor.

Subject to the provisions of Section 2.11 hereof, the County, the Authority and the Trustee shall deem and treat the person in whose name a Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the principal of or interest on such Bond shall be overdue or not, for the purpose of receiving payment of principal, premium, if any, and interest on such Bond and for all other purposes, and any such payments so made to any such Owner or upon such Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and none of the County, the Authority or the Trustee shall be affected by any notice to the contrary.

Bonds may be exchanged at the Principal Office of the Trustee for other Authorized Denominations of the same type and maturity and of like aggregate principal amount and interest rate of Bonds.

All Bonds surrendered to the Trustee for transfer or exchange shall, upon execution, authentication and delivery of the new Bonds, thereupon be canceled by the Trustee. The Trustee may require the payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect thereto.

The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the County.

The Trustee shall not be required to register the transfer or exchange of any Bond, whether or not that Bond shall thereafter be selected for redemption, during the period established by the Trustee for selection of Bonds to be redeemed, or to transfer or exchange any Bond selected for redemption, except for the unredeemed portion of any Bond redeemed only in part.

Section 2.06. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority shall execute, and the Trustee, at the expense of the Owner of such Bond, shall authenticate and deliver, a new Bond of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon

surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and the Trustee shall deliver a certificate of destruction to the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee and the Authority has been given, the Authority shall execute, and the Trustee shall, at the expense of the Owner, authenticate and deliver a new Bond of like tenor and denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Bond delivered under this Section 2.06 and of the expenses which may be incurred by the Trustee in carrying out its duties under this Section 2.06. Any Bond executed, authenticated and delivered under the provisions of this Section 2.06 in lieu of any Bond claimed to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds. Notwithstanding any other provision of this Section 2.06, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of the principal of, premium, if any, and interest on such Bond.

Section 2.07. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, shall be sufficient for any purpose of this Indenture (except as otherwise herein provided) if made in the following manner: the fact and date of the execution by any Owner or such Owner's attorney or agent of any such instrument, and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in such jurisdictions, that the person signing such instrument acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of such officer's or member's authority.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.08. Bond Register. The Trustee shall keep or cause to be kept at its Principal Office sufficient books for the registration and registration of transfer of the Bonds, which books shall upon reasonable written notice and during regular business hours be open to inspection by the County, by the Authority and by the Owners of not less than 10% in aggregate principal amount of Bonds then Outstanding. Upon presentation for registration of transfer, the Trustee shall, as above provided and under such reasonable

regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

Section 2.09. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal or premium, if any, thereof becomes due, if funds sufficient to pay such Bond shall be held by the Trustee for the benefit of the Owner thereof, all liability of the Authority to the Owner thereof for the payment of the Bond shall forthwith cease and be completely discharged and thereupon it shall be the duty of the Trustee to hold such funds (subject to Section 2.10 hereof), without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such funds, subject to Section 2.10 hereof, for any claim of whatever nature on, or with respect to, such Bond.

Section 2.10. Unclaimed Money. All money which the Trustee shall have received from any source and set aside for the purpose of paying any Bond shall be held in trust for the Owner of such Bond, but any money which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the Owner of such Bond for a period of one year after the date on which any payment with respect to such Bond shall have become due and payable shall be paid to the Authority; provided, however, that the Trustee, before making any such payment, shall at the expense of the Authority cause notice to be mailed to the Owner of such Bond, by first-class mail, postage prepaid, and by a single publication in The Bond Buyer (or if such notice cannot be published in The Bond Buyer, in some other financial newspaper selected by the Trustee which regularly carries such notices for obligations similar to the Bonds) not less than 90 days prior to the date of such payment to the effect that said money has not been claimed and that after a date named therein any unclaimed balance of said money then remaining will be returned to the Authority. During any period in which the Trustee holds such unclaimed money, the Trustee shall not invest such money. Thereafter, the Owner of such Bond shall look only to the Authority for payment and then only to the extent of the amount so returned to the Authority without any interest thereon, and the Trustee shall have no responsibility with respect to such money.

Section 2.11. Book-Entry System; Limited Obligation. The Bonds shall be initially executed, authenticated and delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial execution, authentication and delivery, the ownership of each such global Bond shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.13 hereof, all of the Outstanding Bonds shall be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each global Bond shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY

(AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

With respect to Bonds registered in the Bond Register in the name of the Nominee, the County, the Authority and the Trustee shall have no responsibility or obligation to any Depository Participant or to any person on behalf of which such a Depository Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the County, the Authority and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Depository Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Depository Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any Redemption Notice, (c) the selection by the Depository and the Depository Participants of the beneficial interests in the Bonds to be redeemed in part, or (d) the payment to any Depository Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to principal of, interest on, or premium, if any, of the Bonds. The County, the Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on, the Bond, for the purpose of giving Redemption Notices with respect to the Bonds and other notices with respect to the Bonds, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on, the Bonds only to or upon the order of the respective Owners, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid hereunder with respect to payment of principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on, such Bond pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the Authority of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

Section 2.12. Representation Letter. In order to qualify the Bonds for the Depository’s book-entry system, the Authority Representative is hereby authorized to execute, seal, countersign and deliver on behalf of the Authority to such Depository a letter from the Authority in substantially the form attached hereto as Exhibit B representing such matters as shall be necessary to so qualify the Bonds (the “Representation Letter”). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.11 hereof or in any other way impose upon the Authority or the County any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register kept by the Trustee. In the written

acceptance by the Trustee of the Representation Letter, the Trustee shall agree, and hereby agrees, to take all actions necessary for all representations of the Trustee in the Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of the Representation Letter, the Authority Representative and all other officers of the Authority, and their respective deputies and designees, each is hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

Section 2.13. Transfers Outside Book-Entry System. If at any time the Depository notifies the Authority that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, Section 2.11 hereof shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver bonds representing the Bonds as provided below. In addition, the Authority may determine at any time that the Bonds shall no longer be represented by global bonds and that the provisions of Section 2.11 hereof shall no longer apply to the Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver bonds representing the Bonds as provided below. Bonds executed, authenticated and delivered in exchange for global bonds pursuant to this Section 2.13 shall be registered in such names and delivered in such Authorized Denominations as the Depository, pursuant to instructions from the Depository Participants or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such bonds representing the Bonds to the persons in whose names such Bonds are so registered.

If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or cause to be prepared a new fully-registered global bond for each of the maturities of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Authority, the Trustee and such securities depository and not inconsistent with the terms of this Indenture.

Section 2.14. Payments and Notices to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.15. Initial Depository and Nominee. The initial Depository under this Indenture shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

ARTICLE III.

INTEREST RATE AND OTHER BOND PROVISIONS

Section 3.01. Interest on the Bonds. Interest on each Bond of each maturity shall be payable at the respective per annum rate set forth in Section 2.02 hereof and shall be payable on each Interest Payment Date until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30-day months.

Section 3.02. Medium of Payment; Interest Accrual. The Bonds shall be payable, with respect to principal thereof, premium, if any, and interest thereon, in any lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payments of interest on any of the Bonds will be made on the applicable Interest Payment Dates by check of the Trustee sent on the Interest Payment Date by first-class mail, postage prepaid, or by wire transfer to any Owner of \$1,000,000 or more of Bonds to the account within the United States specified by such Owner in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Owner thereof, at such Owner's address as it appears on the Bond Register, on the Record Date for the Bonds; provided, however, that payments of defaulted interest with respect to a Bond shall be payable by check to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Subject to the provisions of the Representation Letter prepared in connection with the issuance of the Bonds, payment of the principal and premium, if any, of the Bonds upon redemption or maturity, as applicable, will be made upon presentation and surrender of each such Bond at the Principal Office of the Trustee.

Interest on each Bond shall accrue from the Interest Payment Date for the Bonds next preceding the date of authentication and delivery thereof, unless (i) it is executed after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (ii) it is executed prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the date of initial delivery of the Bonds; provided, however, that if at the time of execution of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the date of initial delivery of the Bonds.

ARTICLE IV.

FUNDS AND ACCOUNTS

Section 4.01. Application of Proceeds of Sale of the Bonds and Other Moneys. Upon the receipt of payment for the Bonds when the same shall be sold to the original purchaser or purchasers thereof (in the aggregate amount of \$[_____] , being equal to the \$[_____] principal amount of the Bonds, plus initial issue premium of

[_____] , less underwriter's discount of \$[_____] , and less bond insurance premium of \$[_____] , and upon the receipt by the Trustee of other moneys released from the funds and accounts held pursuant to the Refunded Obligations as described in this Section (in the amount of \$[_____]), the Trustee shall apply such moneys as follows:

(a) The Trustee shall transfer to the Escrow Agent, for deposit into the Escrow Fund established pursuant to the Escrow Agreement, the sum of \$[_____].

(b) The Trustee shall deposit into the Reserve Fund the sum of \$[_____]; and

(c) The Trustee shall deposit, into the Costs of Issuance Fund the amount of \$[_____].

Section 4.02. Establishment and Application of Costs of Issuance Fund.

There is hereby established in trust a special fund designated the "Costs of Issuance Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer the Costs of Issuance Fund as provided in this Article IV.

There shall be deposited in the Costs of Issuance Fund that portion of the proceeds of the Bonds required to be deposited pursuant to Section 4.01 hereof. The Trustee shall disburse money from the Costs of Issuance Fund on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case, promptly after receipt of, and in accordance with, a written request of an Authority Representative in the form attached hereto as Exhibit C, together with invoices therefor. Any amounts remaining in the Costs of Issuance Fund on the earlier of the six month anniversary of the issuance of the Bonds or the date on which an Authority Representative has notified the Trustee in writing that all Costs of Issuance have been paid shall be transferred to the Interest Account of the Bond Fund. Following the transfer of all amounts remaining in the Costs of Issuance Fund, the Trustee shall close such fund.

Section 4.03. Establishment and Application of Base Rental Fund.

(a) **General.** There is hereby established in trust a special fund designated the "Base Rental Fund", which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. The Trustee shall administer such fund as provided in this Article IV. The Base Rental Fund shall be maintained by the Trustee until all required Base Rental is paid in full pursuant to the terms of the Sublease, or until such earlier date as there are no Bonds Outstanding.

(b) **Transfers to Interest Account.** All payments of Base Rental received by the Trustee under the Sublease shall be deposited into the Base Rental Fund. The Trustee shall transfer on each Interest Payment Date for the Bonds from the Base Rental Fund to the Interest Account of the Bond Fund an amount that, together with any other amounts on deposit in the Interest Account equals the interest then due on such Interest Payment Date on the Bonds in accordance with the terms of this Indenture.

(c) **Transfers to Principal Account.** The Trustee shall transfer on each maturity date for the Bonds from the Base Rental Fund to the Principal Account of the Bond Fund an amount that, together with any other amounts on deposit in the Principal Account, equals the principal then due on such maturity date with respect to the Bonds in accordance with the terms of this Indenture.

(d) **Delinquent Base Rental and Surplus.** All delinquent Base Rental payments received pursuant to the Sublease and any proceeds of liquidated damages and rental interruption insurance, if any, received by the Trustee shall be deposited into the Base Rental Fund. All proceeds of delinquent Base Rental payments so received shall be applied first to the payment of overdue interest, then to the payment of overdue principal and then to make up any deficiency in the Reserve Fund, and thereafter all proceeds of liquidated damages and rental interruption insurance shall be applied first to the payment of overdue interest, then to the payment of overdue principal and then to make up any deficiency in the Reserve Fund. Any amounts remaining in the Base Rental Fund on each Interest Payment Date or maturity date which are not required for the payment of principal or interest on the next succeeding Interest Payment Date or maturity date shall be first transferred to the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement, second, to the payment of any amount then due and payable to the Trustee, and third, remitted to the County, except that, as provided above, any remaining money representing delinquent Base Rental payments and any proceeds of liquidated damages or rental interruption insurance shall remain on deposit in the Base Rental Fund to be used according to this Section 4.03.

Section 4.04. Establishment and Application of Bond Fund.

(a) **General.** There is hereby established in trust a special fund designated the "Bond Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer such fund as provided in this Article IV. The Bond Fund shall be maintained by the Trustee until all required Base Rental is paid in full pursuant to the terms of the Sublease, or until such date as there are no Bonds Outstanding. Within the Bond Fund, the Trustee shall establish the following Accounts:

- (i) the Interest Account;
- (ii) the Principal Account; and
- (iii) the Redemption Account.

(b) **Interest Account and Principal Account.** Moneys transferred to the Interest Account and the Principal Account pursuant to Section 4.03 hereof shall be applied by the Trustee to the payment of interest and principal due and payable on the Bonds for which such transfer was made on any Interest Payment Date and maturity date therefor or to reimburse the Authority for the purchase of Bonds pursuant to Section 5.07 hereof. Any excess amounts remaining in the Interest Account or the Principal Account following each

Interest Payment Date shall be transferred by the Trustee to the Base Rental Fund for disposition in accordance with Section 4.03 hereof.

(c) **Redemption Account.** Any proceeds of insurance (other than rental interruption insurance) or awards in respect of a taking under the power of eminent domain not required to be used for repair, reconstruction or replacement of the Facilities and, under the terms of Section 4.08 or Section 4.09 of this Indenture, required to be deposited into the Redemption Account, and any other amounts provided for the redemption of Bonds, shall be deposited by the Trustee in the Redemption Account. The Trustee shall, on the scheduled redemption date, withdraw from the Redemption Account and pay to the Owners entitled thereto an amount equal to the redemption price of the Bonds to be redeemed on such date.

Section 4.05. Establishment and Application of Reserve Fund.

(a) There is hereby established in trust a special fund designated the "Reserve Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. There shall be deposited into the Reserve Fund the amounts required to be deposited therein pursuant to Section 4.01 hereof. The Trustee shall administer the Reserve Fund as provided in this Article IV.

(b) The Reserve Fund shall be maintained by the Trustee in the amount of the Reserve Requirement until there are no longer any Bonds Outstanding; provided, however, that at the option of the Authority, and with the prior written consent of the Insurer, a Credit Facility in the amount of the Reserve Requirement or any portion thereof may be substituted for the funds, or for the Credit Facility held by the Trustee in the Reserve Fund, provided that:

(i) if the Credit Facility is issued by an insurance company which is rated at least A+ by A.M. Best in Best's Insurance Reports (or any successor agency or publication) or the claims paying ability or the obligations insured by such insurance company at the time of issuance of the Credit Facility are rated in the highest rating category by S&P and Moody's;

(ii) such Credit Facility is renewable or extendable on an annual basis and unconditionally permits funds to be drawn thereunder in an amount not less than the full amount of the Credit Facility ten days prior to the expiration of the Credit Facility in the event the term of the Credit Facility (excluding optional renewals or extensions thereof) expires prior to the final maturity date of the Outstanding Bonds;

(iii) such Credit Facility is issued initially for at least a five year term or the remaining term of the Outstanding Bonds, whichever is less;

(iv) such Credit Facility provides for a reimbursement term of not less than three years from the date of any draw thereunder; and

(v) such Credit Facility is unconditional and irrevocable.

Notwithstanding anything herein to the contrary, after any Credit Facility consisting of a surety bond or a letter of credit has been drawn down, any monies available to repay the provider of the surety bond or letter of credit shall be first used to reinstate the surety bond or letter of credit to its original amount. Any interest or fees due to the provider of the surety bond or letter of credit, other than reinstatement, shall be subordinate to any amounts required to be paid for the benefit of the Owners.

If the Authority exercises its option to substitute the Credit Facility for all or a portion of the moneys held by the Trustee in the Reserve Fund, then (A) the Authority shall promptly so notify S&P and Moody's, and (B) such moneys, on or after the date that the Credit Facility becomes effective, shall be transferred at the direction of the County to the Interest Account of the Bond Fund and applied to the payment of the interest due on the Bonds on the next succeeding Interest Payment Date. The Authority shall provide notice to the Trustee at least ten days prior to the expiration date of the Credit Facility in the event such Credit Facility will not be renewed, extended or replaced. In the event that the term of the Credit Facility is scheduled to expire prior to the final maturity date of the Outstanding Bonds and the Trustee has not received evidence that such Credit Facility will be renewed, extended or replaced, the Trustee shall on the tenth day prior to the expiration date draw upon such Credit Facility in an amount equal to the full amount of the Credit Facility and deposit such amount in the Reserve Fund.

(c) If on the third day prior to any Interest Payment Date or maturity date for the Bonds, the amounts on deposit in the Interest Account or the Principal Account of the Base Rental Fund and the Bond Fund are less than the principal and interest due on the Bonds on such date, then the Trustee shall transfer from the Reserve Fund for credit to the Interest Account or Principal Account, as appropriate, of the Bond Fund, amounts sufficient to make up such deficiencies; provided that such amounts shall be paid first from cash or investments in such Fund and second from a draw on any Credit Facility (and pro rata on any Credit Facilities in the event more than one Credit Facility is in place), and further provided that in the event a draw on a Credit Facility is to be made, the Trustee shall provide notice of such draw to the issuer thereof not later than three days prior to such Interest Payment Date or maturity date, as applicable. In the event of such transfer, the Trustee shall, within five days after making such transfer, provide written notice to the County, the Authority and the issuer of the Credit Facility of the amount and date of such transfer.

(d) For purposes of determining the amount on deposit at any time in the Reserve Fund the Trustee shall value all Qualified Investments not less than ten days prior to each Deposit Date at their fair market value, as permitted under and in accordance with section 148 of the Code and the Treasury Regulations promulgated thereunder (as determined by the County). Any moneys in the Reserve Fund, excluding Investment Earnings, in excess of the Reserve Requirement on each Deposit Date, commencing August 15, 2007, and at such other time or times as directed by the County or the Authority in a written order signed by a County Representative or an Authority Representative, as applicable, and delivered to the Trustee, shall be transferred to the Interest Account of the Bond Fund and applied to the payment of the interest due on the Bonds on the next succeeding Interest Payment Dates therefor. Investment Earnings on amounts on deposit in the Reserve Fund shall be transferred pursuant to Section 4.15 hereof.

(e) No investments held in the Reserve Fund may have a maturity greater than five years from the date such investment is deposited into the Reserve Fund.

Section 4.06. Surplus. After (a)(i) payment or redemption or provision for payment or redemption of all amounts due with respect to the Bonds and payment of all fees and expenses to the Trustee, or (ii) defeasance of the Bonds pursuant to Section 12.01(a)(ii) or (iii) hereof, and (b) the transfer of any additional amounts required to be deposited into the Excess Earnings Account of the Earnings Fund pursuant to the written instructions from a County Representative or an Authority Representative in accordance with the Tax Certificate, any amounts remaining in any of the funds, accounts or subaccounts established hereunder (except for the Excess Earnings Account) and not required for such purposes shall after payment of any amounts due to the Trustee be remitted to the County and used for any lawful purpose thereof; provided, however, in the event of defeasance, amounts shall not be remitted to the County until the County has delivered or caused to be delivered an opinion of Independent Counsel to the effect that remission of such amounts to the County shall not adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

Section 4.07. Additional Rental. In the event the Trustee receives Additional Rental (other than any Additional Rental payable to the Trustee), the Trustee shall establish a separate fund for such Additional Rental and deposit any such amounts therein and such Additional Rental shall be applied by the Trustee solely to the payment of any costs in respect of which such Additional Rental was received, and shall not be commingled in any way with any other funds received by the Trustee pursuant to the Sublease or this Indenture; provided that any Additional Rental received by the Trustee for the purpose of restoring the Reserve Fund to the Reserve Requirement shall be deposited into the Reserve Fund.

Section 4.08. Repair or Replacement; Application of Insurance Proceeds. If the Facilities or any portion thereof shall be damaged, destroyed, or taken by eminent domain proceedings, the County shall continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the County elects not to repair or replace the Facilities or any portion thereof in accordance with the provisions of this Section 4.08.

The proceeds of any insurance (other than any rental interruption insurance), including the proceeds of any self-insurance and the proceeds of any condemnation award, received on account of any damage, destruction or taking of the Facilities or a portion thereof, shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account (the "Special Account") which it shall establish when needed and make available and, to the extent necessary, shall be applied to the cost of repair or replacement of the Facilities or the affected portion thereof upon receipt of a written request of a County Representative, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by an Authority Representative in Qualified Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the County shall, within 90 days of the occurrence of the event of damage, destruction or taking, notify the Trustee in writing of

whether the County intends to replace or repair the Facilities or the portions of the Facilities which were damaged or destroyed, and if the County elects to replace or repair the Facilities or portions thereof, the County shall promptly deposit with the Trustee the full amount of any insurance deductible to be credited to the Special Account.

If the damage, destruction or loss was such that there resulted a substantial interference with the County's right to the use or possession of the Facilities and an abatement of rental payments will result from such damage or destruction pursuant to Section 3.5 of the Sublease, then the County shall (i) apply sufficient funds from the insurance proceeds and other legally available funds deposited with the Trustee by the County to the replacement or repair of the Facilities or the portions thereof which have been damaged, or (ii) apply sufficient funds from the insurance proceeds and other legally available funds to the redemption, as set forth in Section 5.01(b) hereof, in full of all the Outstanding Bonds or all of those Outstanding Bonds which would have been payable from that portion of the Base Rental payments which are abated as a result of the damage or destruction, such that the Base Rental payable with respect to the remaining portions of the Facilities is sufficient to pay all principal and interest due on the Bonds to remain Outstanding after such redemption. The proceeds of any insurance, including the proceeds of any self-insurance remaining after the property which was damaged or destroyed is restored to and made available to the County in substantially the same condition and fair rental value as that which existed prior to the damage or destruction as required by (i) above or the redemption, or provision for the redemption, of Bonds as required by (ii) above, in each case as evidenced by a certificate signed by a County Representative to such effect, shall be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement. If the County chooses not to replace or repair the Facilities, or the affected portion thereof, as set forth in (i) above or to use such amounts to redeem Bonds as set forth in (ii) above, then such proceeds shall be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement. Any amounts not required to be so deposited into the Reserve Fund pursuant to the two preceding sentences shall, if there is first delivered to the Trustee a written certificate of a County Representative to the effect that the annual fair rental value of the Facilities after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental payments becoming due in the then current Lease Year or any subsequent Lease Year, be paid to the County to be used for any lawful purpose. If the County cannot deliver the certificate described in the preceding sentence, then any excess amounts shall be transferred to the Redemption Account of the Bond Fund and used to redeem Bonds pursuant to Section 5.01(b) hereof.

Section 4.09. Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Facilities or any portion thereof shall be applied and disbursed by the Trustee as follows:

(a) If the County determines that the title defect giving rise to such proceeds has not materially affected the County's right to the use and possession of the Facilities and will not result in an abatement of Base Rental, such proceeds shall be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement. Amounts not required to be so deposited shall, if there is first delivered to the

Trustee a written certificate of a County Representative to the effect that the annual fair rental value of the Facilities, notwithstanding the title defect for which the payment was made, is at least equal to 100% of the maximum amount of Base Rental becoming due in the then current Lease Year, be paid to the County to be used for any lawful purpose. If the County cannot deliver the certificate described in the preceding sentence, then such amounts shall be transferred to the Redemption Account of the Bond Fund and used to redeem Bonds pursuant to Section 5.01(b) hereof.

(b) If any portion of the Facilities has been affected by such title defect, and if the County determines that such title defect will result in an abatement of Base Rental, then either (i) the County shall use the insurance proceeds to remove the title defect, or (ii) the Trustee shall, if not notified in writing by the County within 90 days of the receipt by the Trustee of the insurance proceeds that the County will use the proceeds to remove the title defect, deposit such proceeds in the Redemption Account of the Bond Fund, and such proceeds shall be applied to the redemption of Bonds in the manner provided in Section 5.01(b) hereof.

Section 4.10. Application of Amounts After Default by the County. All damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under Section 12 of the Sublease shall be held and applied in accordance with Section 9.07 hereof.

Section 4.11. Moneys Held in Trust. The money and investments held by the Trustee hereunder are irrevocably held in trust for the purposes herein specified, and such money, investments, and any income or interest earned thereon, shall be expended and invested only as provided herein, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of (a) the Authority, (b) the County, (c) the Trustee, or (d) any Owner or beneficial owner of Bonds.

Section 4.12. Investments Authorized. Money held by the Trustee in any fund, account or subaccount hereunder shall be invested by the Trustee in Qualified Investments pending application as provided herein solely at the written direction of an Authority Representative, shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. The Authority shall direct the Trustee in writing prior to 12:00 p.m., Pacific time, on the Business Day before any Qualified Investment matures or is redeemed as to the reinvestment of the proceeds thereof. Anything herein notwithstanding, the maturity or maturities of the Qualified Investments held by the Trustee in the Reserve Fund shall not be later than five years from the date of the investment. Moneys held in any fund, account or subaccount hereunder (other than the Excess Earnings Account of the Earnings Fund) may be commingled for purposes of investment only. If the Authority shall fail to provide the Trustee with written direction with respect to any moneys subject to investment, the Trustee shall, nevertheless, invest such moneys in the Qualified Investments listed in clause (4) of the definition of Qualified Investments in Section 1.02 hereof.

The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 4.12. Any investments and reinvestments shall

be made at the direction of the County as set forth above giving full consideration to the time at which funds are required to be available hereunder and, subject to the Tax Certificate, to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by this Indenture. The Trustee may act as agent in the making or disposing of any investment.

Section 4.13. Reports. The Trustee shall furnish monthly to the Authority a report of all investments made by the Trustee and of all amounts on deposit in each fund, account and subaccount maintained hereunder, provided that the Trustee shall not be obligated to provide an accounting for any fund or account that (a) has a balance of zero and (b) has not had any activity since the last reporting date. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the financing Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements as specified above that include detail for all investment transactions made by the Trustee hereunder. The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 4.14. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, account or subaccount hereunder, except for the Reserve Fund, all Qualified Investments shall be valued not less than ten Business Days prior to each Deposit Date using one or more of the following valuations: fair market value, present value, or the principal amount of the investment to be valued, all as permitted under and in accordance with section 148 of the Code and the Treasury Regulations promulgated thereunder (as determined by the County). For purposes of determining the amount in the Reserve Fund, Qualified Investments shall be valued in accordance with Section 4.05(d) hereof. The Trustee at the direction of the County may sell at the best price reasonably obtainable or present for redemption any Qualified Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale except for its own negligence or willful misconduct.

Section 4.15. Application of Investment Earnings. Investment Earnings on amounts on deposit in the Excess Earnings Account of the Earnings Fund shall be retained therein. Except as otherwise provided herein, the Trustee shall deposit, as and when received, all Investment Earnings on amounts on deposit in all funds, accounts and subaccounts maintained by it hereunder into the Investment Earnings Account of the Earnings Fund pursuant to Section 4.16 hereof (except for Investment Earnings on amounts on deposit in the Excess Earnings Account of the Earnings Fund).

Section 4.16. Establishment and Application of Earnings Fund.

There is hereby established in trust a special fund designated the "Earnings Fund", which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. Within the Earnings Fund, the Trustee shall establish the "Investment Earnings Account" and the "Excess Earnings Account". The Trustee shall administer the Investment Earnings Account and the Excess Earnings Account as provided in this Article IV. The Trustee shall deposit moneys into the Investment Earnings Account of the Earnings Fund as required in Section 4.15 hereof or pursuant to written instructions from a County Representative in accordance with the provisions of the Tax Certificate. Any amounts remaining on deposit in the Investment Earnings Account or the Excess Earnings Account which exceeds the respective amounts required to be maintained therein as established by the written instructions from an Authority Representative shall be transferred as designated in writing by an Authority Representative, or, in the absence of such written instructions, first, to the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement and finally to the Interest Account of the Bond Fund for application to the payment of interest on the Bonds on the next succeeding Interest Payment Date. Except as set forth in the preceding sentence, amounts on deposit in the Excess Earnings Account shall be applied only to payments made to the United States of America in accordance with written instructions of an Authority Representative.

ARTICLE V.

REDEMPTION

Section 5.01. Redemption. The Bonds shall be subject to redemption prior to their stated maturity dates only as set forth below:

(a) **Optional Redemption.** The Bonds are not subject to optional redemption prior to maturity.

(b) **Mandatory Redemption.** The Bonds are subject to mandatory redemption prior to maturity, as a whole or in part, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, on any date following the deposit of such moneys, from amounts deposited in the Redemption Account pursuant to Section 4.08 or Section 4.09 hereof following an event of damage, destruction, theft or condemnation of the Facilities or any portion thereof or loss of the use or possession of the Facilities or any portion thereof due to a title defect.

(c) **Reserved.**

Section 5.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture or the Sublease for the redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Authority shall give written instruction to the Trustee of the principal amount of each maturity of Bonds to be redeemed; in the absence of such instruction, the Trustee shall select Bonds to be redeemed in inverse order of maturity. Within a maturity, the Trustee shall select Bonds for redemption by lot. The Trustee shall

promptly notify the Authority in writing of the Bonds so selected for redemption. Redemption by lot shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Bond to be redeemed shall be in Authorized Denominations and all Bonds to remain Outstanding after any redemption in part shall be in Authorized Denominations.

Section 5.03. Notice of Redemption. (a) Whenever redemption is authorized or required pursuant to Section 5.01 hereof, the Authority shall give the Trustee at least 45 days prior written notice specifying the date and amount of such redemption, or such shorter period as shall be acceptable to the Trustee, and the Trustee shall give notice ("Redemption Notice"), at the expense of the Authority, of the redemption of the Bonds. Such Redemption Notice shall specify (i) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (ii) the date of redemption, (iii) the place or places where the redemption will be made, including the name and address of any paying agent, (iv) the redemption price, (v) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (vi) if less than all of the Bonds of a maturity are to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed, and (vii) the original issue date and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued but unpaid to the redemption date, and that from and after such date, if sufficient funds are available for redemption, interest thereon shall cease to accrue and be payable.

(b) The Trustee shall take the following actions with respect to such Redemption Notice:

(i) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register.

(ii) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given by (A) registered or certified mail, postage prepaid, (B) telephonically confirmed facsimile transmission, or (C) overnight delivery service, to DTC:

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530
Facsimile transmission: (516) 227-4039
(516) 227-4190

(iii) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given by (A) registered or certified mail, postage prepaid, (B) overnight delivery service, or (C) telephonically confirmed facsimile transmission, to one of the following services selected by the Authority:

- (1) Financial Information, Inc.'s Financial Daily Called Bond Service
30 Montgomery Street, 10th Floor
Jersey City, New Jersey 07302
Attention: Editor
- (2) FIS/Mergent, Inc.
5250 77 Center Drive, Suite 150
Charlotte, North Carolina 28217
Attention: Call Notification
- (3) Standard & Poor's Securities Evaluation, Inc.
55 Water Street, 45th Floor
New York, New York 10041
Attention: Notification Department
- (4) Xcitek
5 Hanover Square
New York, New York 10004

(c) Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds. Each check or other transfer of funds issued by the Trustee for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 5.04. Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of Authorized Denominations equal to the unredeemed portion of the Bond surrendered and of the same type, interest rate and maturity. Such partial redemption shall be valid upon payment or provision for the payment of the amount required to be paid to such Owner, and the Authority and the Trustee shall be released and discharged thereupon from all liability to the extent of such payment.

Section 5.05. Effect of Notice of Redemption. The Bonds to be redeemed shall be due and payable on the date of redemption set forth in the Redemption Notice with respect thereto.

If on such redemption date money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Trustee so as to be available therefor on such redemption date, and if a Redemption Notice shall have been given as described in Section 5.03(b)(i) hereof, then, from and after such redemption date, no additional interest shall become due on the Bonds to be redeemed. All money held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

On each such redemption date, the Authority shall recompute the amount of Base Rental to become due in each remaining year of the Sublease following redemption of

the Bonds to be redeemed and shall notify the Trustee in writing of the amount of such Base Rental.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Article shall be canceled and destroyed by the Trustee upon surrender thereof.

Section 5.06. Bonds No Longer Outstanding. When any Bond or portion thereof has been duly called for redemption prior to maturity under the provisions of this Indenture, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Trustee, in form satisfactory to it, and sufficient money shall be held by the Trustee irrevocably in trust for the redemption price of such Bond or portion thereof, and accrued interest thereon to the date fixed for redemption, all as provided in this Indenture, then such Bond or portion thereof shall be deemed no longer Outstanding under the provisions of this Indenture. If the Authority shall acquire any Bond by purchase or otherwise, such Bond shall be deemed no longer Outstanding and shall be surrendered to the Trustee for cancellation.

Section 5.07. Purchase of Bonds. Unless expressly provided otherwise herein, money held in the Redemption Account of the Bond Fund and in the Principal Account of the Bond Fund hereunder may be used to reimburse the Authority for the purchases of Bonds that would otherwise be subject to redemption from such moneys upon the delivery of such Bonds to the Trustee for cancellation at least ten days prior to the date on which the Trustee is required to select Bonds for redemption. The purchase price of any Bonds purchased by the Authority hereunder shall not exceed the applicable redemption price of the Bonds which would be redeemed but for the operation of this Section 5.07 (accrued interest to be paid from the same Account of the Bond Fund from which accrued interest would be paid upon redemption of such Bonds). Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be surrendered by the Authority to the Trustee for cancellation and applied as a credit against the obligation to redeem such Bonds from such moneys.

ARTICLE VI.

THE TRUSTEE AND PAYING AGENTS

Section 6.01. Compensation of Trustee. Subject to the terms of any compensation agreement between the Authority and the Trustee, the Authority shall from time to time, on demand, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. To the extent permitted by law, compensation and reimbursement to the Trustee shall not be limited by any statutory provisions which limit compensation to trustees of express trusts.

Section 6.02. Removal of Trustee. The Authority may, so long as no Event of Default has occurred and is continuing hereunder, upon 30 days' notice, or the Owners of a majority in aggregate principal amount of the Outstanding Bonds may, by written request at any time and for any reason, remove the Trustee and any successor thereto, and shall thereupon accept a successor or successors thereto, but any such successor shall be a bank or trust company, having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and shall be subject to supervision or examination by federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 6.02 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Notwithstanding the foregoing, a bank or trust company which does not have a combined capital and surplus of at least \$100,000,000 may become a successor Trustee if its obligations hereunder are guaranteed by an affiliate which meets the qualifications of a successor Trustee hereunder and such guaranty is acceptable in form and substance to the Authority. Any removal of the Trustee shall become effective upon acceptance of appointment by the successor Trustee and payment of the fees and expenses of the Trustee being removed.

Section 6.03. Resignation of Trustee. The Trustee or any successor may at any time resign by giving written notice to the Authority and by giving written notice sent by first-class mail, postage prepaid, to the Owners of its intention to resign and of the proposed date of resignation. Upon receiving such notice of resignation, the Authority shall, promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority fails to appoint a successor Trustee within 30 days following receipt of such written notice of resignation, the resigning Trustee, at the expense of the Authority, may petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation of the Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Any successor Trustee approved by the Owners, the Authority or any court shall satisfy the qualifications set forth in Section 6.02 hereof. Notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee (or Paying Agent) shall take effect until a successor shall be appointed.

Section 6.04. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 6.02 hereof), shall be the successor to the Trustee without the execution or filing of any paper or further action, anything herein to the contrary notwithstanding.

Section 6.05. Protection and Rights of the Trustee. The Trustee shall be protected and shall incur no liability in acting upon or processing in good faith any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit,

voucher, bond, written direction or requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may or may not be counsel to the County or the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith reliance thereon.

The Trustee shall not be liable for any error in judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or relating to the exercise of any trust or power conferred upon the Trustee under this Indenture.

Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by a certificate of an Authority Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Indenture in good faith reliance thereon, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee; may acquire and dispose of bonds or other evidences of indebtedness of the Authority and enforce its rights as Owner thereof to the same extent as if it were not Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Outstanding Bonds.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties hereunder, and the Trustee shall not be answerable for the misconduct or negligence of any such attorney, agent, or receiver selected by it with reasonable care.

If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in its exercise as a

prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at the Principal Office of the Trustee. Except as expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or Event of Default thereunder. No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers if repayment of such funds, or adequate indemnity against such risk or liability, is not reasonably assured to it.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

Before taking any action under Article IX or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

Section 6.06. Trustee to Act as Set Forth Herein. The Trustee has the power to receive, to hold in accordance with the terms hereof and to disburse the money to be paid pursuant to the Sublease or this Indenture. The Trustee has no power to vary, alter or substitute the Sublease or the corpus of any trust created hereby or pursuant to the Sublease or this Indenture at any time, except as specifically authorized herein.

Section 6.07. Paying Agents. The Trustee is hereby appointed as paying agent for the Bonds. Upon written consent of an Authority Representative, the Trustee may appoint such other paying agents with respect to the Bonds as it may deem advisable. Any paying agent appointed shall be a bank or trust company, having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and shall be subject to supervision by a federal or state banking authority.

ARTICLE VII.

AMENDMENTS

Section 7.01. Amendments to Indenture. This Indenture may be amended in writing by agreement between the parties, but no such amendment shall become effective as to the Owners of Bonds then Outstanding unless and until approved in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding. Notwithstanding the foregoing, this Indenture and the rights and obligations provided hereby may also be modified or amended at any time without the consent of any Owners of the Bonds, upon the written agreement of the Authority and the Trustee, but only (a) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting or supplementing any defective provision contained in this Indenture, (b) in regard to questions arising under this Indenture which the Trustee may deem necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interests of the Owners of the Bonds then Outstanding, (c) to preserve and maintain the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, (d) to qualify this Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect, (e) to authorize the execution, authentication and delivery of Additional Bonds if the conditions set forth in Section 7.04 hereof are met, or (f) for any other reason, provided such modification or amendment does not materially adversely affect the interests of the Owners of the Bonds then Outstanding; provided that the Authority and the Trustee may rely in entering into any such amendment or modification hereof upon the opinion of Independent Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment shall impair the right of any Owner to receive such Owner's principal and interest in accordance with the terms of such Owner's Bond. The Trustee shall not be required to enter into or consent to any amendment or modification which, in the sole judgment of the Trustee, might adversely affect the rights, obligations, powers, privileges, indemnities, immunities or other security provided the Trustee herein. Notwithstanding any other provision of this Indenture, in determining whether the rights of the bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the bondholders as if there were no Insurance Policy.

Section 7.02. Amendments to Lease and Sublease. Subject to Section 11.07 hereof, the Lease and the Sublease may be amended in writing by agreement between the parties thereto, with the consent of the Trustee, but no such amendment shall become effective as to the Owners of Bonds then Outstanding unless and until approved in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding. Notwithstanding the foregoing, the Lease and the Sublease and the rights and obligations provided thereby may also be modified or amended at any time without the consent of any Owners of the Bonds, upon the written agreement between the respective parties thereto, with the consent of the Trustee but only (a) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting or supplementing any defective provision contained in the Lease or the Sublease, (b) in regard to questions arising under the Lease or

the Sublease, which the Trustee, the County and the Authority, as applicable, may deem necessary or desirable and not inconsistent with the terms thereof and which shall not materially adversely affect the interests of the Owners of the Bonds then Outstanding, (c) to modify or amend the description of the Facilities, to release from the Lease or the Sublease any portion of the Facilities, or to substitute other property and/or improvements for the Facilities or any portion thereof pursuant to Section 3.7 of the Sublease, (d) to provide for the authorization of Additional Bonds if the conditions set forth in Section 7.04 have been met, or (e) for any other reason, provided such modification or amendment does not materially adversely affect the interests of the Owners of the Bonds then Outstanding; provided, however, that the County, the Authority and the Trustee may rely in entering into any such amendment or modification thereof or in giving consent thereto upon the opinion of Independent Counsel (which opinion may rely upon the certificates or opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification.

Section 7.03. Consent of Owners. If the Authority or the County should desire to obtain any consent in writing of Owners, the Board of Directors of the Authority may, by resolution, propose the amendment to which consent is desired. A copy of such resolution, together with a request to Owners for their consent to the amendment proposed therein, shall be mailed by first-class mail, postage paid, to each registered Owner at such Owner's address as it appears on the Bond Register.

The lack of actual receipt by any Owner of such resolution and request for consent and any defects in such resolution and request for consent shall not affect the validity of the proceedings for the obtaining of such consent. A certificate by the Secretary of the Authority, approved by resolution of the Board of Directors of the Authority, that said resolution and request for consent have been delivered as herein provided shall be conclusive as against all parties.

Any such written consent shall be binding upon the Owner giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or by the subsequent Owner. To be effective, any revocation of consent must be filed at the address provided in the request for consent before the adoption of the resolution accepting consents as hereinafter provided.

After the Owners of at least a majority in aggregate principal amount of the Outstanding Bonds shall have consented in writing, the Board of Directors of the Authority shall adopt a resolution accepting such consents and such resolution shall constitute complete evidence of the consent of Owners under this Section 7.03.

Notice specifying the amendment that has received the consent of Owners as required by this Section 7.03 shall be sent by first-class mail, postage prepaid, not more than 60 days following the final action in the proceedings for the obtaining of such consent, to each registered Owner at such Owner's address as it appears on the Bond Register. Such notice is only for the information of Owners, and failure to mail or receive such notice or any

defect therein shall not affect the validity of the proceedings theretofore taken in the obtaining of such consent.

Section 7.04. Additional Bonds. The Authority may from time to time, by a supplement or amendment to this Indenture, authorize one or more series of Additional Bonds on a parity with or secured separately from, the Outstanding Bonds. Such supplement or amendment to this Indenture may provide for the creation of such funds and accounts as may be required for the issuance of Additional Bonds. The Authority shall execute and the Trustee shall authenticate and deliver the Additional Bonds of any series only upon the receipt by the Trustee of:

(a) A copy of a supplement or amendment to this Indenture authorizing such series of Additional Bonds which shall, among other provisions, specify: (i) the authorized principal amount, designation and series of such Additional Bonds, (ii) the purpose for which such Additional Bonds are to be executed, authenticated and delivered, (iii) the maturity date or dates of such Additional Bonds, (iv) the source of security of such Additional Bonds, (v) the interest payment dates for and the interest rate or rates or the maximum rate of interest payable on the Additional Bonds of such series, (vi) the denominations of and the manner of dating and numbering such Additional Bonds, (vii) the redemption provisions and redemption dates and prices and any defeasance provisions for such Additional Bonds, (viii) the form of such Additional Bonds, (ix) the establishment of any provisions concerning additional funds, accounts and subaccounts in the Bond Fund or a bond fund created pursuant to such supplement or amendment, held by the Trustee under this Indenture to provide for the payment of principal, premium, if any, and interest on such Additional Bonds, (x) the establishment of any provisions concerning additional funds, accounts and subaccounts in the Reserve Fund or a reserve fund created pursuant to such supplement or amendment and held by the Trustee hereunder so that such Additional Bonds are secured by a reserve requirement calculated on the same basis as the Reserve Requirement, and (xi) the establishment of any provisions concerning such other funds, accounts and subaccounts as the Authority shall deem necessary or desirable for such Additional Bonds, including, without limitation, construction and acquisition funds.

(b) A duly executed copy of an amendment to the Lease and the Sublease, such that (i) the Base Rental payable under the Sublease, as amended, is sufficient to pay all principal and interest on the Outstanding Bonds and Additional Bonds and that the Base Rental payable thereunder is not in excess of the fair rental value of the Facilities, including any new Facilities, additions or improvements thereto to be financed with the proceeds of such Additional Bonds, and (ii) the insurance provisions of the Sublease shall provide adequate coverage for any new Facilities, additions or improvements. If appropriate, such amendment or amendments shall contain any modifications necessary to include any such financed Facilities, additions or improvements in the Facilities.

(c) Evidence that any amendments to the Lease and the Sublease, executed in connection with such Additional Bonds have been duly recorded in the official records of the County Recorder of the County of Los Angeles.

(d) If such Additional Bonds are being executed, authenticated and delivered to finance the construction or acquisition of new Facilities, additions or improvements to the Facilities, either (i) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Facilities, without taking into account such new Facilities, additions or improvements, is at least equal to the Base Rental payable under the Sublease, as amended, and that such Base Rental is sufficient to pay all principal and interest on the Outstanding Bonds and Additional Bonds, (ii) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Facilities, including any new Facilities, additions or improvements which are completed and are available for use and possession by the County, is at least equal to the Base Rental payable under the Sublease, as amended, and that such Base Rental is sufficient to pay all principal and interest on the Outstanding Bonds and Additional Bonds, or (iii) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Facilities, including such new Facilities, additions or improvements, when completed, will be at least equal to the Base Rental payable under the Sublease, as amended, and that such Base Rental is sufficient to pay all principal and interest on the Outstanding Bonds and Additional Bonds, which certificate shall be accompanied by (1) an executed copy of a fixed price construction contract for such new Facilities, additions or improvements, which contract includes a scheduled completion date and provides for liquidated damages sufficient to pay the portion of Base Rental attributable thereto for each day from the scheduled completion date to the date on which such new Facilities, additions or improvements are accepted by the County, and (2) the deposit of a sufficient amount of capitalized interest to pay interest on the Additional Bonds until such scheduled completion date.

(e) An opinion of Independent Counsel to the effect that (i) the supplement or amendment to this Indenture and any amendments to the Lease or the Sublease executed in connection therewith are authorized or permitted by the Constitution and laws of the State and this Indenture and have been duly and validly authorized, executed and delivered by the Authority and the County, as applicable, and constitute the legally valid and binding obligations of the Authority and the County, as applicable, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, and (ii) the execution, authentication and delivery of such Additional Bonds will not adversely affect the exclusion for federal income tax purposes of the interest on the Bonds received by or allocated to the Owners of the Bonds and the owners of any Additional Bonds previously executed, authenticated and delivered.

(f) Written evidence from the Rating Agencies that the execution, authentication and delivery of such Additional Bonds will not, by itself, result in a downgrading of the ratings assigned to the Bonds from the ratings in effect immediately prior to such execution, authentication and delivery of the Additional Bonds.

ARTICLE VIII.

COVENANTS; NOTICES

Section 8.01. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend the dates upon which the principal of the Bonds is required to be paid or redeemed, or the time of payment of interest thereon. Nothing herein shall be deemed to limit the right of the Authority to issue any securities for the purpose of providing funds for the redemption or payment of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 8.02. Offices for Servicing Bonds. The Authority shall at all times maintain one or more offices or agencies in Los Angeles, California or New York, New York where Bonds may be presented for payment, and shall at all times maintain one or more agencies one of which shall be in Los Angeles, California or New York, New York where Bonds may be presented for registration of transfer or exchange, and where notices, demands and other documents may be served upon the Authority in respect of the Bonds. The Authority hereby appoints the Trustee at its Principal Office as its agent in Los Angeles, California for purposes of this Section 8.02.

Section 8.03. Access to Books and Records. The Trustee shall at all times have access to those books and records of the Authority which may be reasonably required by the Trustee to fulfill its duties and obligations hereunder.

Section 8.04. General. The Authority certifies, declares, recites and warrants that upon the date of execution, authentication and delivery of any of the Bonds, all conditions, acts and things required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the execution, authentication and delivery of such Bonds do exist, have happened and have been performed and the execution, authentication and delivery of such Bonds shall comply in all respects with the applicable laws of the State of California.

Section 8.05. Tax Matters.

(a) The County and the Authority covenant with all persons who hold or at any time held Bonds that the County and the Authority will not directly or indirectly use the proceeds of any of the Bonds or any other funds of the County and the Authority or permit the use of the proceeds of any of the Bonds or any other funds of the County and the Authority or take or omit to take any other action which will cause any of the Bonds to be "arbitrage bonds" or to be otherwise subject to federal income taxation by reason of Sections 103 and 141 through 150 of the Code and any applicable regulations promulgated thereunder. To that end the County and the Authority covenant to comply with all covenants set forth in the Tax Certificate, which is hereby incorporated herein by reference as though fully set forth herein.

(b) Subject to the transfer provisions provided in paragraph (c) below, all money at any time deposited in the Excess Earnings Account of the Earnings Fund

established pursuant to Section 4.16 hereof shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States Government, and neither the County, the Authority nor the bondholders shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Excess Earnings Account of the Earnings Fund shall be governed by this Section 8.05 and by the Tax Certificate. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the directions of the County Representative, including supplying all necessary information requested by the County and the Authority in the manner set forth in the Tax Certificate, and shall not be required to take any actions thereunder in the absence of written directions from the County Representative.

(c) Upon receipt of the County Representative's written instructions, the Trustee shall remit part or all of the balances in the Excess Earnings Account of the Earnings Fund to the United States Government, as so directed. In addition, if the County Representative so directs, the Trustee will deposit moneys into or transfer moneys out of the Earnings Fund from or into such accounts or funds as directed by the County's written directions. Any funds remaining in the Earnings Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement shall be withdrawn and remitted to the County upon its written request. The Trustee may rely conclusively upon the County Representative's determinations, calculations and certifications required by this Section. The Trustee shall have no responsibility to independently make any calculation or determination or to review the County's calculations hereunder.

(d) Notwithstanding any provision of this Indenture, the obligation of the County to pay the Rebate Requirement to the United States Government and to comply with all other requirements of this Section 8.05 and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

(e) Notwithstanding any provisions of this Section 8.05, if the County shall provide to the Authority and the Trustee an opinion of nationally recognized bond counsel that any specified action required under this Section 8.05 is no longer required or that some further or different action is required to maintain the tax-exempt status of interest on the Bonds, the County, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section and the covenants hereunder shall be deemed to be modified to that extent.

Section 8.06. Performance. The Authority shall faithfully observe all covenants and other provisions contained in this Indenture, in each Bond executed, authenticated and delivered hereunder and under the Lease.

Section 8.07. Prosecution and Defense of Suits. The Authority shall promptly take such action as may be necessary to cure any defect in the title to the Facilities or any part thereof, whether now existing or hereafter occurring, and shall prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

Section 8.08. Further Assurances. The Authority will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming to the Trustee, on behalf of the Owners, the rights and benefits provided herein.

Section 8.09. Continuing Disclosure. The County covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the County to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default; however, the Trustee, who shall be entitled to indemnification satisfactory to the Trustee, and solely to the extent directed by an Owner or Beneficial Owner, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Section 8.09. The sole remedy under the Continuing Disclosure Certificate in the event of any failure of the County to comply with the Continuing Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under the Continuing Disclosure Certificate. For purposes of this Section 8.09, the term “Beneficial Owner” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

ARTICLE IX.

EVENTS OF DEFAULT

Section 9.01. Events of Default Defined. The following shall be “events of default” under this Indenture and the terms “Events of Default” and “default” shall mean, whenever they are used in this Indenture, any one or more of the following events:

(a) Default in the due and punctual payment of the interest on any Bond or the principal or premium, if any, on any Bond when and as the same shall become due and payable; provided, however, that any default in such due and punctual payment which is due to a rental abatement under Section 3.5 of the Sublease shall not be considered an Event of Default hereunder.

(b) An event of default shall have occurred under clause (i) of Section 12.1 or clause (ii) of Section 12.1 of the Sublease.

(c) An event of default shall have occurred under clause (iii) of Section 12.1 of the Sublease, or the Authority shall have failed to observe or perform any covenants, conditions or agreement on its part to be observed or performed under this Indenture (other than such failure as may constitute an event of default under clause (a) or clause (b) of this Section), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Authority or the County, as applicable, by the Trustee, or to the Authority or the County, as applicable, and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds; provided, however, if the failure stated in the notice cannot be corrected within such period,

then such period will be extended so long as corrective action is instituted by the Authority or the County, as applicable, within such period and diligently pursued until the default is corrected, but only if such extension would not materially adversely affect the interests of any Owner.

Section 9.02. Remedies on Default. Upon the occurrence and continuance of any Event of Default specified in Section 9.01(b) of this Indenture, the Trustee, subject to Section 11.03 hereof, shall proceed, or upon the occurrence and continuance of any other Event of Default hereunder, the Trustee may proceed (and upon written request of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and upon being indemnified to its satisfaction by such Owners shall proceed) to exercise the remedies set forth in Section 12 of the Sublease or available to the Trustee hereunder.

Section 9.03. Notice of Events of Default. In the event the Authority is in default, the Trustee shall give notice, at the expense of the Authority, of such default to the Owners. Such notice shall state that the Authority is in default and shall provide a brief description of such default. The Trustee in its discretion may withhold notice if it deems it in the best interest of the Owners. The notice provided for in this Section 9.03 shall be given by first-class mail, postage prepaid, to the Owners within 30 days of the occurrence of such default.

Section 9.04. No Remedy Exclusive. No remedy conferred upon or reserved to the Trustee under this Indenture or the Sublease is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture and the Sublease, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Owners to exercise any remedy reserved to it or them, it shall not be necessary to give any notice other than such notice as may be required in this Article or by law.

Section 9.05. Waiver; No Additional Waiver Implied by One Waiver. The Trustee may in its discretion waive any Event of Default and its consequences and shall do so upon the written request of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; provided, however, that no default in the payment of the principal of, premium or interest on any Bond shall be waived unless prior to such waiver, all arrears of such payments have been made and all fees and expenses of the Trustee have been paid. In case of any such waiver, the Trustee, the Authority and the Owners shall be restored to their former positions and rights hereunder respectively, but such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.06. Action by Owners. In the event the Trustee fails to take any action to eliminate an Event of Default under Section 12 of the Sublease, or hereunder, including the collection of Base Rental when due, the Owners of a majority in aggregate principal amount of the Outstanding Bonds may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Sublease or this Indenture, but only if such Owners shall have first made written request of

the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted therein or herein or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless the Trustee shall have been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Notwithstanding any other provision in this Indenture, the right of any Owner to receive payment in accordance with the terms of such Owner's Bond or to institute suit for the enforcement of any such payment on or after such payment becomes due shall not be impaired or affected without the consent of such Owner.

Section 9.07. Application of Proceeds in Event of Default. Except to the extent necessary to compensate the Trustee for its reasonable fees and expenses (including reasonable attorneys' fees and expenses), to the extent necessary to pay all principal of and interest then due and unpaid on all Outstanding Bonds and to make the deposits into the Base Rental Fund required to be made pursuant to Section 3.1(a) of the Sublease, all damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under this Indenture or Section 12 of the Sublease shall be deposited by the Trustee into the Bond Fund and transferred first to the Interest Account therein and then to the Principal Account therein to pay the interest and principal due on the Bonds. If the amount deposited into the Bond Fund is not sufficient to pay all overdue interest payments, the amounts deposited shall be distributed pro rata to Owners on the basis of the amount of interest due and unpaid to such Owners. If the amount deposited into the Bond Fund is not sufficient to pay all overdue payments of principal, the amounts deposited shall be distributed pro rata to the Owners on the basis of the amount of principal due and unpaid to such Owners.

To the extent not required to be deposited into the Bond Fund pursuant to the immediately preceding paragraph, all damages or other payments received by the Trustee from the enforcement of any rights and powers under this Indenture or Section 12 of the Sublease shall be applied as follows in the order of priority indicated: (i) deposited into the Reserve Fund to the extent that the amount in the Reserve Fund is less than the Reserve Requirement; (ii) applied to the payment of Additional Rental then due and payable; and (iii) deposited into and retained in the Bond Fund for application to the payments due on the Bonds on the next succeeding payment dates thereof.

ARTICLE X.

LIMITATION OF LIABILITY

Section 10.01. No Liability of Authority for Trustee Performance. The Authority shall not have any obligation or liability to the County or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Indenture, including the distribution by the Trustee of principal and interest on the Bonds to the Owners.

Section 10.02. No Liability of Trustee for Base Rental Payments by County. Except as provided herein, the Trustee shall have no obligation or liability to the Owners with respect to the payment of Base Rental by the County when due, or with respect to the performance by the County or the Authority of any other covenant made by any of them in the Sublease or in this Indenture, as applicable.

Section 10.03. No Liability of County or Authority Except as Stated. Except for (i) the payment of Base Rental and Additional Rental when due in accordance with the terms of the Sublease (in the case of the County), and (ii) the performance by the County and the Authority of their respective obligations and duties as set forth in the Sublease and in this Indenture, as applicable, the County and the Authority shall have no obligation or liability to the Trustee or the Owners.

Section 10.04. Limited Liability of Trustee. The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment quality of the Bonds, for the sufficiency of any Base Rental or for the actions or representations of the Authority or the County. The Trustee shall have no obligation or liability to the Authority or to the Owners with respect to the failure or refusal of the Authority or the County to perform any covenant or agreement made by any of them under this Indenture or the Sublease, as applicable, but shall be responsible solely for the performance of the duties expressly imposed upon it hereunder. The recitals of facts, covenants and agreements contained herein and in the Bonds shall be taken as statements, covenants and agreements of the Authority, and the Trustee assumes no responsibility for the correctness of the same and makes no representation as to the validity or sufficiency of this Indenture, the Lease, the Sublease or the Bonds, or as to the value of or title to the Facilities and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein expressly assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

Section 10.05. Limited Liability of County and Authority. Notwithstanding anything in this Indenture to the contrary, the Authority shall not be required to advance any moneys derived from any source, other than the Base Rental payments and the moneys, funds and accounts pledged or assigned under this Indenture or the Sublease, for the payment of principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from Base Rental payments, and the funds and accounts pledged or assigned under this Indenture, or otherwise from amounts payable under the Sublease). The Authority may at its sole discretion, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be lease revenue bonds, payable exclusively from Base Rental and other funds as provided in this Indenture. The credit of the Authority and the County is not pledged for the payment of the principal, interest and premium (if any) on the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any

property of the Authority or the County. The principal and interest on the Bonds, and any premiums upon the redemption of any Bonds, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or the County or upon any of their income, receipts or revenues except the Base Rental payments and other funds pledged to the payment thereof as provided in this Indenture.

Section 10.06. Indemnification. To the extent permitted by law, the County hereby agrees to indemnify and save the Trustee harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all losses, including the cost of defense (including legal fees), and damages suffered by it as a result thereof, where and to the extent such claim, suit or action arises out of the performance of its duties under this Indenture or the actions of any other party to this Indenture or the Sublease, including but not limited to the ownership, operation or use of the Facilities, the use, presence, disposal or release of any Hazardous Substances on or about the Facilities, the defense of any suit or the enforcement of any remedies under this Indenture, the Bonds or any related document. Such indemnification shall not extend to judgments or settlements obtained against the Trustee and expenses of litigation in connection therewith based upon failure to perform and carry out the duties specifically imposed upon and to be performed by it pursuant to this Indenture, unless the County has agreed in writing that the Trustee not perform such duty. In the event the County is required to indemnify the Trustee as herein provided, the County shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 10.07. Limitation of Rights. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give any person other than the County, the Authority, the Trustee or the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision hereof; all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Authority, the Trustee and such Owners.

ARTICLE XI.

PROVISIONS RELATING TO BOND INSURANCE

Section 11.01. Provisions of this Article to Govern. Notwithstanding anything to the contrary contained in the provisions of any other Article of this Indenture, the provisions of this Article shall govern.

Section 11.02. Insurer Deemed Sole Owner. The Insurer shall be deemed to be the sole Owner of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Bonds insured by it are entitled to take pursuant to this Indenture.

Section 11.03. Insurer Right to Control Remedies. The Insurer shall have the right to direct the Trustee in the pursuit of any remedies provided in Article IX hereof, and the Trustee shall act at such direction.

Section 11.04. Trustee Application of Moneys in Event of Default. The discretion of the Trustee to apply moneys following a default shall not permit the Trustee to fail to liquidate investment obligations in the Bond Fund and Reserve Fund and apply amounts credited to such funds to the payment of debt service on any Interest Payment Date.

Section 11.05. Removal of Trustee and Appointment of Successor Trustee. The Insurer shall be granted the right to direct the removal of the Trustee pursuant to the procedures set forth in Section 6.02 hereof, but only in the event that an Event of Default under the Sublease shall have occurred and be continuing, and upon the removal of the Trustee pursuant to this Section, the appointment of a successor Trustee pursuant to Section 6.02 hereof shall be by the County with the consent of the Insurer.

Section 11.06. Insurer Third Party Beneficiary. To the extent that this Indenture confers to the Insurer any right, remedy or claim under or by reason of this Indenture, the Insurer is hereby expressly recognized as a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred hereunder.

Section 11.07. Amendment. A copy of any amendment to this Indenture or the Sublease shall be provided to Standard & Poor's. The Insurer shall also receive copies of any amendments to this Indenture or the Sublease.

Section 11.08. Limitation on Certain Rights of Insurer; Effect of Exercise Thereof.

(a) Rights of the Insurer to direct or consent to Issuer, Trustee or bondholder actions under the Indenture shall be suspended during any period in which the Insurer is in default in its payment obligations under the Insurance Policy (except to the extent of amounts previously paid by the Insurer and due and owing to the Insurer) and shall be of no force or effect in the event the Insurance Policy is no longer in effect or the Insurer asserts that the Insurance Policy is not in effect or the Insurer shall have provided written notice that it waives such rights.

(b) The rights granted to the Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the bondholders nor does such action evidence any position of the Insurer, positive or negative, as to whether bondholder consent is required in addition to consent of the Insurer.

Section 11.09. Claims Upon the Insurance Policy and Payments by and to the Insurer. As long as the Bond Insurance is in full force and effect, the Authority, the County and the Trustee agree to comply with the following provisions:

(a) In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Insurer

or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the payment date, by amounts from the Reserve Fund or otherwise, the Trustee shall so notify the Bond Insurer or its designee.

(c) In addition, if the Trustee has notice that any Owner of Bonds has been required to disgorge payments of principal or interest on the Bond to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Owners of Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Bond Insurance (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Bond Insurer as agent for such Owners in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (b) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Bond Insurance payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Owners; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Bond Insurer as agent for such Owner in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Bond Insurance payment thereof from the Insurance Paying Agent, and (c) disburse the same to such Owners.

(e) Payments with respect to claims for interest on and principal of Bonds disbursed by the Trustee from proceeds of the Bond Insurance shall not be considered to discharge the obligation of the Authority with respect to such Bonds, and the Bond Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provision of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the County, the Authority and the Trustee hereby agree for the benefit of the Insurer that:

(i) They recognize that to the extent the Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Bonds, the Insurer will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Authority, with interest thereon as provided and solely from the sources stated in this Indenture and the Bonds; and

(ii) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Bonds, but only from the sources and in the manner provided herein for the payment of the principal and interest on the Bonds to Owners, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

Section 11.10. Additional Bonds. No Additional Bonds may be issued (1) should any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at its requirement (including the new issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer. No Additional Bonds secured on a parity with the Bonds other than Additional Bonds issued to refund all or a portion of the Bonds and whose issuance results in a net present value reduction of Base Rental payments under the Sublease shall be issued without the prior written consent of the Insurer

Section 11.11. Notices and Information to be Provided to Insurer.

(a) Any party giving any notice required pursuant to this Indenture shall also give such notice to the Insurer.

(b) Insurance certificates evidencing the coverage required pursuant to Section 4.4(1) of the Sublease shall be provided annually to the Insurer, attention: "Insured Portfolio Management Department." A copy of the policy of rental interruption insurance required by section 4.4(5) of the Sublease shall be sent annually at the time of renewal to the Insurer, attention: "Insured Portfolio Management Department Lease Unit."

Section 11.12. Defeasance. Before any bonds can be defeased pursuant to Section 12.01 of this Indenture, the Insurer shall have received an opinion of counsel stating that the Bonds have been legally defeased and that the escrow agreement establishing such defeasance operates to legally defease the Bonds within the meaning of this Indenture. The Insurer shall received fifteen (15) days notice of any refunding of the Bonds in which the final redemption of the Bonds occurs 90 days or more after their defeasance, and the report of an independent accountant to the effect that the amounts deposited into the defeasance escrow are sufficient to pay all principal of, interest on, and redemption premium, if any, on the Bonds to and including their final date of redemption.

Section 11.13. Provisions Relating to Surety. The following provisions apply in the event the Reserve Account is funded with a Surety provided by the Insurer.

(a) The County covenants that, in the event of a draw on the Surety as a result of abatement for which rental interruption insurance proceeds are not available to fully reimburse the Insurer in accordance with the terms of the Financial Guaranty Agreement, the County will annually budget and use its best efforts to obtain appropriation of all amounts due to the Insurer under the Financial Guaranty Agreement.

(b) In the event the Reserve Requirement is made up in part by a Surety and in part by cash, replenishment of the Reserve Fund shall be made first to reimburse the Insurer for any draw on the Surety and second to replenish the cash portion of the Reserve Requirement.

(c) Any delinquent Base Rental payments received by the Trustee shall first be applied to any unreimbursed draws on the Surety.

(d) The provisions of this Indenture requiring reimbursement of any draws on the Surety shall survive any defeasance pursuant to Section 12.01 hereof.

(e) The Trustee shall maintain adequate records as to the amount available to be drawn under the Surety and as to amounts payable to the Insurer pursuant to the Financial Guaranty Agreement.

(f) There may be no optional redemption of Bonds, and no amounts held under the funds and accounts under this Indenture may be released to the County free of the pledge and lien of this Indenture, while any amounts are owing to the Insurer under the terms of the Financial Guaranty Agreement.

ARTICLE XII.

MISCELLANEOUS

Section 12.01. Defeasance. (a) If all Bonds shall be paid and discharged as provided in this Section 12.01, then all obligations of the Trustee and the Authority under this Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the Owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to Section 2.05 and Section 2.06 hereof, (ii) the obligation of the Authority to pay the amounts owing to the Trustee under Section 6.01 and Section 10.06 hereof, and (iii) the obligation of the Authority to comply with Section 4.16 and Section 8.05 hereof. Any funds held by the Trustee at the time of such termination which are not required for payment to Owners, or for payment to be made by the Authority, shall be paid to the Authority.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under this Indenture if paid or discharged in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest on such Bond which have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Base Rental Fund, the Bond Fund and the Reserve Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, premium, if any, and interest payable on, such Bond to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, cash and/or noncallable Government Obligations and/or pre-refunded municipal bonds rated Aaa by Moody's and AAA by S&P; provided, however, that if the issue is only rated by S&P, then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipal bonds, in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Government Obligations without the need for reinvestment, be fully sufficient to pay when due all principal of, premium, if any, and interest payable on, such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of subsection (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(i) if such Bond is by its terms subject to redemption or will be affected pursuant to the option to purchase under Section 15 of the Sublease within 45 days, proper notice of redemption of such Bond or of such purchase and its effect on such Bond, as applicable, shall have been previously given in accordance with Article V hereof or Section 15 of the Sublease, as applicable, to the Owner thereof or, in the event such Bond is not by its terms subject to redemption or will not be affected pursuant to the option to purchase under Section 15 of the Sublease within 45 days of making the deposit under clause (ii) or (iii) of subsection (a) above, the Authority shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the Owner of such Bond as soon as practicable stating that the deposit required by clause (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that said Bond is deemed to have been paid and further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon or the date on which such option to purchase will be exercised pursuant to Section 15 of the Sublease; or

(ii) the maturity of such Bond.

(c) Any funds held by the Trustee at the time of the first to occur of the events described above with respect to all Bonds, which are not required for payment to Owners, or for payment to be made to the Trustee by the Authority, shall be paid over to the Authority.

Section 12.02. Records. Until three years following the full payment of principal and interest due on the Bonds, the Trustee shall keep complete and accurate records

of all moneys received and disbursed by it under this Indenture, which records shall be available for inspection by the County, by the Authority and by any Owner, or the agent of any of them, at any time during regular business hours and upon reasonable prior written notice.

Section 12.03. Notices. All notices under this Indenture by any party shall be in writing (unless otherwise specified herein) and shall be sufficiently given and served upon the parties named below if delivered by hand directly to the offices named below or sent by United States first-class mail, postage prepaid, and addressed as follows:

- (a) if to the County, to

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector;

- (b) if to the Trustee, to

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust

- (c) if to the Authority, to

Los Angeles County Public Works Financing Authority
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 383
Los Angeles, California 90012
Attention: Executive Officer

- (d) if to the Insurer, to

- (e) if to any Owner, to the address indicated on the Bond Register;

or to such other address or addresses as any such entity or person shall have designated to the others by notice given in accordance with this Section 12.03.

Section 12.04. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 12.05. Partial Invalidity. Any provision of this Indenture found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Indenture.

Section 12.06. Binding Effect; Successors; Parties Interested Herein. This Indenture shall be binding upon and shall inure to the benefit of the parties hereto and the Owners and their respective successors. Whenever in this Indenture any party is named or referred to, such reference shall be deemed to include such party's successors, and all covenants and agreements contained in this Indenture by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors whether so expressed or not. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Issuer, the Trustee, the Paying Agent, if any, and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Paying Agent, if any, and the registered owners of the Bonds.

Section 12.07. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 12.08. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to or cancellation of Bonds by the Trustee, the Trustee shall, upon such cancellation, destroy such Bonds and deliver a certificate evidencing such destruction to the Authority.

Section 12.09. Excess Payments. Notwithstanding anything to the contrary contained herein, if for any reason, including but not limited to damage, destruction, condemnation or disposition of the Facilities, the Authority, the County or the Trustee receives payments, proceeds or awards with respect to the Facilities in excess of the amount necessary to make all of the payments required herein, or to provide in accordance with this Indenture for all of such payments, such excess shall represent the County's equity interest in the Facilities and shall be paid to the County at the written order of a County Representative.

Section 12.10. Headings. The headings or titles of the several Articles and Sections hereof, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture. Unless the context requires otherwise, all references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture.

IN WITNESS WHEREOF, the parties have executed this Indenture of Trust effective the date first above written.

COUNTY OF LOS ANGELES

By _____
Chair of the Board of Supervisors

[SEAL]

ATTEST:

SACHI A. HAMAI,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By _____
Authorized Officer

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By _____
Chair of the Board of Directors

ATTEST:

Secretary

By _____
Deputy

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK
OF BOARD OF SUPERVISORS**

On this _____ day of _____, 2006, pursuant to Section 25103 of the Government Code, the undersigned, Clerk of the Board of Supervisors certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles, acting as the Chair of the Board of Directors of the Los Angeles County Public Works Financing Authority and Chair of the Board of Supervisors of the County of Los Angeles.

SACHI A. HAMAI
Executive Officer-Clerk of the Board of Supervisors

By _____
Deputy

[SEAL]

EXHIBIT A

FORM OF BOND

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BOND
(2006 Master Refunding Project) Series A

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. R-_____

\$_____

<u>CUSIP NUMBER</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF INITIAL AUTHENTICATION</u>
	%	September 1, 2015	[December __], 2006

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

Thousand Dollars

THIS IS TO CERTIFY THAT the registered owner identified above or registered assigns, as the registered owner of this Lease Revenue Refunding Bond (the "Bond"), is the owner of a right to receive principal and interest payments payable from Base Rental payments under a Sublease and Option to Purchase, dated as of [December] 1, 2006 (the "Sublease"), between the County of Los Angeles, a political subdivision of the State of California (the "County"), and the Los Angeles County Public Works Financing Authority, a California joint exercise of powers authority (the "Authority").

The registered owner of this Bond is entitled to receive, subject to the terms of the Indenture (defined below) and unless sooner paid in full, on the Maturity Date identified above, the Principal Amount identified above, and on each March 1 and September 1, commencing

September 1, 2007 (each, an "Interest Payment Date"), until the Maturity Date identified above or earlier redemption hereof, interest coming due on such dates. Interest to be paid to the registered owner of this Bond on each Interest Payment Date shall be equal to the amount determined by applying the annual interest rate shown above to the principal amount shown above and computed using a year of 360 days comprised of twelve 30-day months.

The interest payable hereon shall accrue from the Interest Payment Date next preceding the date of authentication and delivery hereof, unless this Bond is executed after the close of business on a February 15 or August 15 (each, a "Record Date") and before the close of business on the immediately succeeding Interest Payment Date, in which event interest hereon shall be payable from such Interest Payment Date, or unless this Bond is executed prior to the close of business on August 15, 2007, in which event interest hereon shall be payable from its date of initial delivery; provided, however, that if at the time of execution of this Bond interest hereon is in default, interest shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from its date of initial delivery.

Subject to the provisions of the Representation Letter prepared in connection with the issuance of this Bond, amounts due hereunder with respect to principal and premium, if any, are payable upon presentation and surrender hereof at the Principal Office of U.S. Bank National Association, as trustee (or any successors thereto) (the "Trustee"), in Los Angeles, California (or any successor office or agency designated by the Trustee) or such other place as designated by the Trustee. Amounts representing interest on this Bond are payable by check of the Trustee mailed on the Interest Payment Date by first-class mail, postage prepaid, or by wire transfer to any registered owner of \$1,000,000 or more of Bonds to the account within the United States specified by such registered owner in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the registered owner of this Bond, at such registered owner's address as it appears on the registration books of the Trustee, on the Record Date preceding the Interest Payment Date. Payments of defaulted interest, if any, on this Bond shall be payable by check to the registered owner of this Bond as of the close of business on a special record date to be fixed by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. The principal, premium, if any, and interest on this Bond shall be payable in any lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The County is authorized to enter into the Sublease pursuant to the laws of the State of California. The County has entered into the Sublease for the purpose of subleasing certain real property (the "Facilities") in connection with the performance of the County's governmental functions. The Authority has transferred certain of its rights under the Sublease to the Trustee for the benefit of the registered owners of the Bonds pursuant to the Indenture of Trust, dated as of [December] 1, 2006 (the "Indenture"), by and among the Authority, the County and the Trustee. Proceeds of the Bonds will be applied to refund and defease certain existing obligations of the County, to pay a portion of the interest on the Bonds and to pay the costs of issuance of the Bonds.

This Bond is one of a duly authorized issue of \$[] aggregate amount of lease revenue bonds designated as the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A. The Bonds are executed, authenticated and delivered under and are entitled to the protection given by the Indenture, authorizing the execution, authentication and delivery of the Bonds.

Reference is hereby made to the Lease, the Sublease and the Indenture (copies of all of which are on file at the aforesaid offices of the Trustee) for a description of the terms on which the Bonds are executed, authenticated and delivered, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the County and the Authority under the Lease, the Sublease and the Indenture, as applicable, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees.

The County is required under the Sublease to pay Base Rental from any source of legally available funds. The County has covenanted in the Sublease to make the necessary annual appropriations for such purpose. Base Rental is required to be deposited with the Trustee prior to each payment date for application to the Base Rental Fund established under the Indenture. The Authority has pledged all of its interest in all amounts on hand from time to time in the funds, accounts and subaccounts established under the Indenture (except amounts in the Excess Earnings Account of the Earnings Fund) to secure the payment of the Bonds and the interest thereon and the performance of all of the covenants, agreements and conditions contained herein and in the Indenture, the Sublease.

The Bonds are special obligations of the Authority payable solely from Base Rental payments received pursuant to the Sublease and from amounts held by the Trustee in certain funds and accounts established by the Indenture. The obligation of the County to pay Base Rental does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to pay Base Rental constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. Except to the extent of certain limited and special funds and amounts specified in the Sublease, the County's obligation to pay Base Rental will be abated during any period in which, by reason of material damage, destruction, theft, title defects or condemnation, there is substantial interference with the County's right to use or possession of the Facilities or any material portion thereof. Failure of the County to pay Base Rental during any such period shall not constitute a default under the Sublease, the Indenture or this Bond. The Authority has no taxing power and has no obligation to pay Base Rental payments.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, the Sublease and the Lease may be amended by the parties thereto with the written consent of the registered owners of a majority in aggregate principal amount of the Outstanding Bonds. The Indenture, the Sublease and the Lease may also, under certain circumstances, be amended without such consent. No amendment of the Indenture shall be permitted, however, which would impair the right of any registered owner to receive in any case such registered owner's principal and interest in accordance with such registered owner's Bond.

Registration of this Bond is transferable by the registered owner hereof at the corporate trust office of the Trustee or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, provided in the Indenture and upon surrender and cancellation of this Bond. Upon such registration of transfer a new Bond or Bonds, of an authorized denomination or denominations, for the same type, aggregate principal amount, maturity and interest rate will be executed, authenticated and delivered to the transferee in exchange herefor. Subject to the provisions of the Indenture, the County, the Authority and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not principal of or interest on this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Bonds are deliverable in the denominations of \$5,000 or any integral multiple thereof.

The Bonds are subject to mandatory redemption prior to maturity in whole or in part, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, upon the occurrence of damage to, or destruction, theft or condemnation of, all or a portion of the Facilities or loss of the use or possession of the Facilities or any portion of the Facilities due to a title defect, from the net proceeds of certain insurance or condemnation awards, or from moneys transferred from the Reserve Fund to the Redemption Account of the Bond Fund under the conditions and as provided in the Indenture.

The Bonds are not subject to optional redemption.

Notice of any redemption shall be given to the respective registered owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee in accordance with the provisions of the Indenture. The Trustee shall give notice by first-class mail, postage prepaid, at least 30 days but not more than 45 days prior to the redemption date. Such notice shall set forth, in the case of each Bond to be redeemed only in part, the portion of the principal thereof which is to be redeemed. Neither failure to receive such notice nor any defect therein shall affect the sufficiency of the proceedings for the redemption of such Bonds.

If this Bond is called for redemption, notice is given as required by the Indenture and the redemption price of this Bond plus accrued and unpaid interest due hereon to the redemption date is duly provided for as specified in the Indenture, then interest shall cease to accrue from and after the date fixed for redemption.

The Trustee has no obligation or liability to the registered owners of the Bonds to make payments on the Bonds, except from amounts on deposit for such purpose with the Trustee. The Trustee's sole obligations are to administer for the benefit of the registered owners of the Bonds the various funds, accounts and subaccounts established under the Indenture and to perform the other duties expressly imposed upon it under the Indenture. The Trustee does not warrant the accuracy of the recitals of fact contained herein.

This Bond shall not be entitled to any benefit under the Indenture or become valid for any purpose until it has been duly executed by the Authority and authenticated and delivered by the Trustee.

THE AUTHORITY HAS CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and laws of the State of California and the Indenture to exist, to have happened and to have been performed precedent to and in the execution, authentication and the delivery of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by law and the Indenture.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signatures of its Chair and Treasurer, all as of the dated date identified above.

**LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY**

By _____
Chair

Attest:

By _____
Treasurer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture of Trust.

Date: _____

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____, _____.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Tax I.D. #: _____

Signature of: _____ Guaranteed

By _____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

STATEMENT OF INSURANCE

EXHIBIT B

FORM OF REPRESENTATION LETTER

EXHIBIT C
FORM OF PAYMENT REQUEST

[On Letterhead]

PAYMENT REQUEST NO.: _____

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust

Re: \$[_____] Los Angeles County Public Works Financing Authority Lease
Revenue Refunding Bonds (2006 Master Refunding Project) Series A

Pursuant to Section 4.02 of the Indenture of Trust, dated as of [December] 1, 2006 (the "Indenture"), among the Los Angeles County Public Works Financing Authority, the County of Los Angeles and you, you are hereby instructed to disburse the sum of \$ _____ from the Costs of Issuance Fund established under the Indenture. You are instructed to pay such disbursement to the order of the following payee, and for the following cost(s) or expense(s).

Payee: _____

The undersigned hereby certifies that each such cost or expense constitutes a proper charge against the Costs of Issuance Fund and has not been the subject of any other payment request filed with you.

Cost(s) and/or expense(s) for which disbursement is requested:

_____.

Dated:

**LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY**

By: _____
Authority Representative

EXHIBIT D
TAX CERTIFICATE

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

**SQUIRE, SANDERS & DEMPSEY L.L.P.
555 South Flower Street, Suite 3100
Los Angeles, California 90071-2300**

Attention: Harriet M. Welch, Esq.

(Space above for Recorder's use)

LEASE

Dated as of [December] 1, 2006

Between the

COUNTY OF LOS ANGELES

and the

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Pertaining to:

\$[]

**Los Angeles County Public Works Financing Authority
Lease Revenue Refunding Bonds
(2006 Master Refunding Project) Series A**

No Documentary Transfer Tax.

This Lease is exempt pursuant to Section 4.60.050 of the Los Angeles County Code adopted pursuant to Part 6.7 (commencing with Section 11901) of Division 2 of the California Revenue and Taxation Code and Section 11928 of the California Revenue and Taxation Code. This document is recorded for the benefit of the County of Los Angeles and the recording is fee exempt under Section 6103 of the California Government Code.

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. DEFINITIONS	1
SECTION 2. FACILITIES.....	1
SECTION 3. OWNERSHIP	1
SECTION 4. TERM.....	1
SECTION 5. CONSIDERATION.....	2
SECTION 6. PURPOSE	2
SECTION 7. ASSIGNMENT AND SUBLEASE	2
SECTION 8. RIGHT OF ENTRY	2
SECTION 9. EXPIRATION	2
SECTION 10. QUIET ENJOYMENT	2
SECTION 11. TAXES	2
SECTION 12. EMINENT DOMAIN.....	2
SECTION 13. DEFAULT.....	3
SECTION 14. NOTICES	3
SECTION 15. PARTIAL INVALIDITY	3
SECTION 16. INDEMNIFICATION AND HOLD HARMLESS AGREEMENT	4
SECTION 17. COUNTERPARTS.....	4
SECTION 18. GOVERNING LAW	4
SECTION 19. AMENDMENT	4
SECTION 20. BINDING EFFECT; SUCCESSORS.....	4
EXHIBIT A – Legal Description of the Facilities.....	A-1
EXHIBIT B – Legal Description of 1996 Leased Premises.....	B-1

LEASE

THIS LEASE, dated as of [December] 1, 2006 (the "Lease"), and entered into between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a California joint powers authority (the "Authority");

W I T N E S S E T H:

WHEREAS, the County desires to lease to the Authority, and the Authority desires to lease from the County, certain real property and certain buildings, fixtures and improvements currently thereon, as more particularly described in Exhibit A hereto (the "Facilities");

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained and for other good and valuable consideration, the County and the Authority agree as follows:

Section 1. Definitions. All capitalized terms used herein without definition shall have the meanings given to such terms pursuant to the Sublease and Option to Purchase, dated as of the date hereof (the "Sublease"), between the Authority and the County, or the Indenture of Trust, dated as of the date hereof (the "Indenture"), among the Authority, the County and U.S. Bank National Association, as trustee (the "Trustee").

Section 2. Facilities. The County hereby leases to the Authority, together with the rights of ingress and egress over property owned by the County, the Facilities, consisting of the real property described in Exhibit A attached hereto and made part hereof, including certain buildings, fixtures and improvements currently thereon, subject to the terms hereof and subject to any conditions, reservations, exceptions and rights-of-way which are of record.

Section 3. Ownership. The County represents and covenants that it is title owner of and holds title in fee simple to the Facilities described in Exhibit A hereto.

Section 4. Term; Termination of Prior Leases. The term of this Lease shall commence on the date hereof and end on the earlier of (i) September 1, 2015 or (ii) the date of termination of the Sublease. Notwithstanding the foregoing, the term of this Lease shall automatically be extended ten years if, on September 1, 2015 the Indenture has not been fully discharged, and shall terminate on the date when the Indenture has been fully discharged.

Concurrently with the execution and delivery of this Lease, and by virtue of the defeasance of the Refunded Obligations, the Prior Leases shall terminate, by their respective terms.

Section 5. Consideration. As full and complete consideration to the County for the lease of the Facilities to the Authority, the Authority agrees to pay advance rent of \$[] to the County, by deposit with the Trustee of the proceeds of the Los Angeles

County Public Works Financing Authority Revenue Refunding Bonds (2006 Master Refunding Project), Series A and to execute and deliver the Sublease to the County.

Section 6. Purpose. The Authority shall use the Facilities for the purposes described in the Sublease and for such other purposes as may be incidental thereto.

Section 7. Assignment and Sublease. The Authority shall not assign, mortgage, hypothecate or otherwise encumber this Lease nor any rights hereunder nor the leasehold or assignment created hereby by trust agreement, indenture or deed of trust or otherwise or sublet the Facilities or any portion thereof, except that the County expressly approves and consents to the assignment by the Authority to the Trustee of the Authority's rights, title and interest in and to this Lease pursuant to the Indenture, the subleasing of the Facilities in accordance with the Sublease, and the granting of rights relating to the Facilities contained in the Sublease in accordance with the Sublease.

Section 8. Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Facilities and any parking areas relating thereto at any reasonable time.

Section 9. Expiration. The Authority agrees, upon the expiration of the term of this Lease to quit and surrender the Facilities, including all buildings, improvements, fixtures and equipment existing thereon at the time of the termination of this Lease, in good order and condition, reasonable wear and tear excepted, it being the understanding of the County and the Authority, and the County and the Authority hereby agree, that upon the termination of this Lease, any title to and any interest of the Authority in the Facilities, shall vest in the County free and clear of the interests of the Authority.

Section 10. Quiet Enjoyment. The Authority, at all times during the term of this Lease, shall peaceably and quietly have, hold and enjoy the Facilities.

Section 11. Taxes. The County covenants and agrees to pay any and all taxes and assessments levied or assessed upon the Facilities.

Section 12. Eminent Domain. If the whole or any portion of the Facilities shall be taken under the power of eminent domain, the interest of the Authority shall be recognized and is hereby determined to be that amount which would then be required under the provisions of Section 4.08 of the Indenture to be used to redeem or provide for the redemption or the payment, as applicable, of all those Outstanding Bonds which would have been payable from that portion of Base Rental payments which are abated as a result of such taking. Upon any such taking, the County agrees to deposit with the Trustee the full amount of the condemnation award or other moneys received in compensation for the Facilities as provided in Section 4.08 of the Indenture to be used as provided in such Section 4.08.

Section 13. Default. In the event that the Authority or any assignee of the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Lease or any applicable provision of law, the County may exercise any and all remedies granted by law, except that no merger of this Lease and of the Sublease shall be deemed to occur as a result thereof; and except that the County shall have no power to terminate

this Lease by reason of any such default on the part of the Authority if (i) such termination would adversely affect the County's right or obligation to use and possession of any of the Facilities as provided in the Sublease; or (ii) such termination would impair the obligation of the Authority to pay principal of and interest on the Bonds or prejudice the exercise of the remedies provided in Section 12 of the Sublease. Any successor in interest to or assignee of the Authority shall be deemed to be and shall become the tenant of the County hereunder and shall be entitled to all of the rights and privileges granted herein or under any such assignment.

Section 14. Notices. All notices under this Lease shall be in writing and shall be sufficiently given and served upon such party if delivered by hand directly to the offices named below or sent by United States first class mail, postage prepaid, and addressed as follows:

- (a) if to the County, to
County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector;
- (b) if to the Authority, to
Los Angeles County Public Works Financing Authority
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 383
Los Angeles, California 90012
Attention: Executive Officer - Clerk of the Board of Supervisors;

or to such other address or addresses as any such party may designate to the others by notice given in accordance with the provisions of this Section 14.

Section 15. Partial Invalidity. If any one or more of the terms, provisions, promises, covenants or conditions of this Lease shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Lease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

If for any reason this Lease shall be held by a court of competent jurisdiction void, voidable or unenforceable by the Authority or by the County or if for any reason it is held by such a court that any of the covenants and agreements of the Authority hereunder is unenforceable for the full term of this Lease, then and in such event for and in consideration of the right of the Authority to possess, occupy and use the Facilities which right is hereby granted, this Lease shall thereupon become a lease from year-to-year.

Section 16. Indemnification and Hold Harmless Agreement. To the extent permitted by law, the County hereby agrees to indemnify and hold harmless the Authority and its officers and directors against any and all liabilities which arise out of or are related to the Facilities or any portion thereof or this Lease, and the County further agrees to defend the Authority and its officers and directors in any action arising out of or related to the Facilities or any portion thereof or this Lease.

Section 17. Counterparts. This Lease may be executed in any number of counterparts each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same Lease.

Section 18. Governing Law. This Lease is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

Section 19. Amendment. This Lease may be amended only in accordance with and as permitted by the applicable terms of Sections 7.02 and 7.03 of the Indenture.

Section 20. Binding Effect; Successors. This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns. Except as otherwise provided in Section 7 hereof, whenever in this Lease any party is named or referred to, such reference shall be deemed to include such party's successors and assigns and all covenants and agreements contained in this Lease by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed and attested by their proper officers thereunto duly authorized, as of the day and year first above written.

COUNTY OF LOS ANGELES

By _____
Chair of the Board of Supervisors

[SEAL]

ATTEST:

Sachi A. Hamai,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By _____
Chair of the Board of Directors

ATTEST:

By _____
Assistant Secretary

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK
OF THE BOARD OF SUPERVISORS**

On this _____ day of _____, 2006, pursuant to Section 25103 of the Government Code, the undersigned, Executive Officer-Clerk of the Board of Supervisors, certifies that on this date a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

Sachi A. Hamai,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

[SEAL]

State of California)
County of Los Angeles) SS

On _____ before me,
_____ personally appeared

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary

EXHIBIT A
LEGAL DESCRIPTION OF THE FACILITIES

ESCROW AGREEMENT

by and between the

COUNTY OF LOS ANGELES,

and

U.S. BANK NATIONAL ASSOCIATION

**as Escrow Agent and
Refunded Bonds Trustee**

Dated as of [December] 1, 2006

Pertaining to the Redemption and Defeasance of
\$452,405,000 Original Aggregate Principal Amount
Los Angeles County Public Works Financing Authority
Lease Revenue Refunding Bonds
(County of Los Angeles 1996 Master Refunding Project)
1996 Series A and 1996 Series B

ESCROW AGREEMENT

This Escrow Agreement, made and entered into as of [December] 1, 2006 (the "Escrow Agreement"), by and between the County of Los Angeles, a political subdivision of the State of California (the "County"), and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as Escrow Agent and Refunded Bonds Trustee (the "Escrow Agent");

WITNESSETH:

WHEREAS, the County of Los Angeles (the "County") has previously caused to be issued (i) \$307,170,000 in original aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (County of Los Angeles 1996 Master Refunding Project), 1996 Series A (the "1996A Refunded Bonds") and (ii) \$145,235,000 in original aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (County of Los Angeles 1996 Master Refunding Project), 1996 Series B (together with the 1996A Refunded Bonds, the "Refunded Bonds"), each issued pursuant to Trust Agreement, dated as of August 1, 1996 (the "1996 Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "Refunded Bonds Trustee")

WHEREAS, the Refunded Bonds are secured by and payable from the Base Rental payments to be made by the County of under the terms of a Sublease and Option to Purchase dated as of August 1, 1996 (the "Refunded Bonds Sublease"), by and between the County and the Los Angeles County Public Works Financing Authority (the "Authority"); and

WHEREAS, the 1996 Indenture provides that if the County deposits with the Refunded Bonds Trustee, or a paying agent for the Refunded Bonds, in trust, at or before maturity of the Bonds, cash or Defeasance Investments (as defined in the 1996 Indenture) in an amount sufficient, together with the earnings to accrue on such Defeasance Investments and without the need for further investment, to pay when due such Refunded Bonds, including all principal, redemption premium, if any, and interest payable with respect thereto, and if notice of the redemption of the Refunded Bonds, or the County's irrevocable instructions to the Refunded Bonds Trustee to give such notice of redemption shall have been made, then the Refunded Bonds shall no longer be deemed Outstanding under the 1996 Indenture, and the obligations of the County and the Refunded Bonds Trustee with respect to the Refunded Bonds shall cease and terminate (except the obligations to make such payments from such funds and to maintain the necessary mechanics therefor) and any funds held by the Escrow Agent in excess of the amount necessary to make such payments shall be paid over to the County; and

WHEREAS, the Refunded Bonds Sublease provides that the term of the Refunded Bonds Sublease shall end at such time as all of the Refunded Bonds shall have been paid or provision for their payment shall have been made in accordance with the 1996 Indenture, and that upon such termination, title to the Property (as defined in the Refunded Bonds Sublease) shall be transferred directly to the County or its designee; and

WHEREAS, the County has caused to be issued the Authority's Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A, a portion of the proceeds of which shall be used to defease the Refunded Bonds along with certain other monies held in the funds and accounts of the 1996 Indenture;

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. As used herein, the following terms shall have the following meanings:

"Authority" means the Los Angeles Public Works Financing Authority.

"Chair of the Board of Supervisors" means the Chair, Chairman, Chairperson or Mayor of the Board of Supervisors of the County.

"Closing Date" means [December __], 2006.

"Code" means the Internal Revenue Code of 1986, as amended.

"County" means the County of Los Angeles.

"Defeasance Investments" shall have the meaning given in the 1996 Indenture.

"Escrow Agent" means U.S. Bank National Association, and its successors and assigns, and any other corporation or institution that may at any time be substituted in its place as provided in Section 14 hereof.

"Escrow Fund" means the escrow fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means an amount equal to 102% of the principal amount of the Refunded Bonds Outstanding plus accrued interest to date of redemption thereof, as set forth in the Escrow Verification Report attached hereto as Exhibit A.

"Escrow Verification Report" means the report prepared by the Verification Agent and attached hereto as Exhibit A.

"Investment Securities" means the Defeasance Investments meeting the requirements of the 1996 Indenture and deposited in the Escrow Fund pursuant to Section 5 hereof.

"1996 Indenture" means the Trust Agreement, dated as of August 1, 1996, by and among the Authority, the County and the Refunded Bonds Trustee, pertaining to the Refunded Bonds.

"Refunded Bonds" shall have the meaning set forth in the first WHEREAS clause of this Escrow Agreement.

“Refunded Bonds Trustee” means U.S. Bank National Association, as successor trustee and its successors and assigns, and any other corporation or association that may at any time be substituted in its place, as trustee for the Refunded Bonds.

“Refunding Bonds” means the County’s Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A.

“Verification Agent” means [_____]

SECTION 2. The County hereby appoints U.S. Bank National Association, as Escrow Agent under this Escrow Agreement for the benefit of the holders of the Refunded Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Escrow Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the 1996 Indenture, including particularly the prepayment provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the 1996 Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. Pursuant to this Escrow Agreement, there is created and established with the Escrow Agent a special and irrevocable trust fund designated the “Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (County of Los Angeles 1996 Master Refunding Project) 1996 Escrow Fund” (the “Escrow Fund”), to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Escrow Agreement.

SECTION 4. The County herewith deposits, or causes to be deposited no later than the Closing Date, with the Escrow Agent, and hereby directs the Escrow Agent to deposit into the Escrow Fund, to be held irrevocably in trust by the Escrow Agent and to be applied solely as provided in this Escrow Agreement, from the proceeds of the Refunding Bonds, the sum of \$[_____].

The County hereby directs the Escrow Agent to deposit, and the Escrow Agent herewith deposits or causes to be deposited, no later than the Closing Date, into the Escrow Fund, the following amounts:

(i) from the Reserve Fund created under Section 3.05 of the 1996 Indenture, the sum of \$[_____];

(ii) from the Debt Service Fund created pursuant to Section 3.04 of the 1996 Indenture, the sum of \$[_____].

Any moneys remaining in the funds and accounts of the 1996 Indenture that are not required to make the foregoing deposits are to be transferred on [December __], 2006, or as soon as practicable thereafter, to the County pursuant to Section 3.07 of the 1996 Indenture, and the accounts of the 1996 Indenture shall thereafter be closed.

SECTION 5. The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest \$_____ of such

amounts in the Investment Securities set forth in Exhibit B hereto, and to deposit such Investment Securities in the Escrow Fund as set forth in Exhibit B hereto and to retain the amount of \$_____ in cash in the Escrow Fund.

SECTION 6. EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 6, THE ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE REDEMPTION OF OR OTHERWISE DISPOSE OF THE INVESTMENT SECURITIES. Interest income and other amounts received by the Escrow Agent as payments on the Investment Securities held in the Escrow Fund, shall be held as part of such Escrow Fund to be used for the purposes set forth in this Escrow Agreement and may be invested by the Escrow Agent at the written direction of an authorized representative of the County or as directed in the Escrow Verification Report, provided that (a) such amounts may only be invested in Investment Securities and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by this Escrow Agreement.

Upon the fulfillment of the conditions set forth in this Section 6, the Escrow Agent at the written direction of an authorized representative of the County may sell, liquidate or otherwise dispose of some or all of the Investment Securities then held as an investment of the Escrow Fund and reinvest the proceeds thereof, together with other moneys held in Escrow Fund in different Investment Securities, provided that no such substitution shall occur unless the County shall first deliver to the Escrow Agent (a) an opinion by the Verification Agent or other firm expert in the preparation of verification reports that, after such reinvestment or substitution, the principal amount of the Investment Securities then held in the Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal, premium and interest with respect to the Refunded Bonds, secured by the Escrow Fund, on the dates and in the amounts as directed pursuant to the 1996 Indenture and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Investment Securities is permitted under this Escrow Agreement, the 1996 Indenture and will not have any adverse effect with respect to the exemption of the interest on the Refunding Bonds or the Refunded Bonds from income taxation under the Code; provided further that no opinions shall be required pursuant to this Section 6 with respect to the reinvestment of any moneys derived from Investment Securities held in the Escrow Fund hereunder which have matured so long as such moneys are reinvested in Investment Securities maturing not later than the date such funds are required to redeem the applicable Refunded Bonds and the yield on such Investment Securities does not exceed the yield on the Refunding Bonds.

SECTION 7. The County has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Investment Securities listed in Exhibit B to pay the Escrow Requirements.

SECTION 8. The County hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Escrow Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Escrow Agreement, of the principal amount of the Investment Securities and the interest earnings thereon available for such purposes in the Escrow Fund.

SECTION 9. The County irrevocably instructs the Escrow Agent to pay the redemption price of the Refunded Bonds on the first date for which such redemption can be scheduled. The County irrevocably instructs the Refunded Bonds Trustee under the 1996 Indenture to mail and publish a notice of redemption of the outstanding Refunded Bonds, as soon as practicable, as provided in Sections 4.03 and 10.01 of the 1996 Indenture.

SECTION 10. The County represents that, concurrently with the initial deposit of the uninvested funds and Investment Securities set forth in Section 5 hereof and the irrevocable instructions to the Escrow Agent to give notice of prepayment of the Refunded Bonds set forth in Section 9 hereof, and pursuant to the Escrow Verification Report of the Verification Agent, the Refunded Bonds are no longer deemed to be Outstanding and unpaid within the meaning and with the effect expressed in the 1996 Indenture.

SECTION 11. The trust hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien limited to all moneys and Investment Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Escrow Agreement.

SECTION 12. This Escrow Agreement is made pursuant to and in furtherance of the 1996 Indenture and for the benefit of the County and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the County; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Escrow Agreement, for any one or more of the following purposes:

- (a) to cure an ambiguity or formal defect or omission in this Escrow Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to transfer to the Escrow Agent and make subject to this Escrow Agreement additional funds, securities or properties.

The Escrow Agent and Refunded Bonds Trustee shall be entitled to conclusively rely upon the Verification Report, and upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 13. In consideration of the services rendered by the Escrow Agent under this Escrow Agreement, the County agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of

the moneys or Investment Securities in the Escrow Fund for the payment of such proper fees and expenses.

SECTION 14. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the County and the Refunded Bonds Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 9 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the County as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the County and the Refunded Bonds Trustee and signed by the holders of a majority in principal amount of the Refunded Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in principal amount of the Refunded Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the County shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Bonds, and any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the County pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$100,000,000. For purpose of this Section 14, a corporation or institution with trust powers organized under the financial institution laws of the United States or any state shall be deemed to have combined capital and surplus of at least \$100,000,000 if it has a combined capital surplus of at least \$20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least \$100,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act,

deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Escrow Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section and if it is otherwise satisfactory to the County, be the successor Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 15. The Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement except as provided in Sections 5 and 6 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Escrow Agreement.

SECTION 16. To the extent permitted by law, the County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement. The County shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the County or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

SECTION 17. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the County, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the prepayment of the Refunded Bonds pursuant to the 1996 Indenture or to the validity of this Escrow Agreement as to the County and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the County, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the County. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Escrow Agreement.

No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 18. This Escrow Agreement shall terminate upon payment of all Refunded Bonds on March 1, 2007. Upon such termination, all moneys remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the County.

SECTION 19. This Escrow Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

SECTION 20. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and

agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

All the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the County or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 21. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

COUNTY OF LOS ANGELES

By: _____
Chair of the Board of Supervisors

[SEAL]

Attest:

SACHI A. HAMAI,
Executive Officer-Clerk of the
Board of Supervisors

By _____
Deputy

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Refunded Bonds Trustee

By _____
Name:
Title:

Exhibit A
Escrow Verification Report

Exhibit B
Schedule of Investment Securities

<u>Principal Amount</u>	<u>Security</u>	<u>Maturity Date</u>	<u>Purchase Price</u>
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CERTIFICATE OF EXECUTIVE OFFICER-CLERK
OF BOARD OF SUPERVISORS

On this _____ day of _____, 2006, pursuant to Section 25103 of the Government Code, the undersigned, Clerk of the Board of Supervisors certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

SACHI A. HAMAI,
Executive Officer-Clerk of
the Board of Supervisors

By _____
Deputy

[SEAL]

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Continuing Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") as of [December] 1, 2006 in connection with the offer and sale of (i) \$[] Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A and (ii) \$[] Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B (collectively, the "Bonds"). The offer and sale of the Bonds is being effected pursuant to the terms of an Indenture of Trust with respect to each series of Bonds, each dated as of [December] 1, 2006 (together, the "Indentures"), each among the County, the Los Angeles County Public Works Financing Authority (the "Authority") and U.S. Bank National Association, Los Angeles, California (the "Trustee"), as trustee. The County hereby covenants and agrees as follows:

Section 1. Purpose of Continuing Disclosure Certificate. This Continuing Disclosure Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indentures, which apply to any capitalized term used in this Continuing Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"Annual Report" means any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Certificate.

"Beneficial Owner" means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any person appointed in writing by the County to act as the County's agent in complying with the filing requirements of the Rule. As of the date of this Continuing Disclosure Certificate, the County has not appointed a Dissemination Agent.

"Listed Event" means any of the events listed in Section 5(a) of this Continuing Disclosure Certificate.

"National Repository" means, at any time, a then-existing nationally recognized municipal securities information repository for purposes of the Rule. The National Repositories currently approved by the Commission are set forth in the Commission's web site located at www.sec.gov/info/municipal/nrmsir.htm.

"Participating Underwriter" means any of the original purchasers of the Bonds required to comply with the Rule in connection with the offer and sale of the Bonds.

"Repository" means each National Repository and each State Repository.

“Rule” means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, including any official interpretations thereof issued either before or after the effective date of this Continuing Disclosure Certificate which are applicable hereto.

“State Repository” means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Commission. As of the date of this Continuing Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than February 1 in each year, commencing with the report for the County’s fiscal year ended June 30, 2007, provide to each Repository copies of an Annual Report which is consistent with the requirements of Section 4 of this Continuing Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Continuing Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under subsection 5(c).

(b) Not later than 15 Business Days prior to the date specified in subsection (a) above for providing an Annual Report to each Repository, the County shall provide such Annual Report to the Dissemination Agent (if one has been appointed). If the County is unable to provide to the Repositories an Annual Report by the date specified in subsection (a) above, the County shall send a notice to each Repository, the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form of Exhibit A to this Continuing Disclosure Certificate.

(c) The Dissemination Agent (if one has been appointed) shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Annual Report has been furnished to the Dissemination Agent, file a report with the County certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The County’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the County for the fiscal year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in “State of California Accounting Standards and Procedures for Counties.” If the County’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection 3(a) of this Continuing Disclosure Certificate, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the financial statements, the following types of information will be provided in one or more reports:

(i) assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

(ii) summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;

(iii) summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;

(iv) summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;

(v) summary of annual outstanding principal obligations of the County as of the beginning of the current fiscal year; and

(vi) the ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the County to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the County or to reflect changes in the business, structure, operations, legal form of the County or any mergers, consolidations, acquisitions or dispositions made by or affecting the County; provided that any such modifications shall comply with the requirements of the Rule.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax status of the Bonds;

(vii) modifications to the rights of Owners of the Bonds;

- (viii) bond calls other than scheduled sinking fund redemptions;
- (ix) defeasances;
- (x) release, substitution, or sale of property, if any, securing repayment of the Bonds; and
- (xi) rating changes.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the County determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly file, or cause to be filed, a notice of such event with the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) above need not be given under this subsection any earlier than when the notice, if any, of the underlying event is given to Owners of affected Bonds pursuant to the respective Indenture.

(d) Each notice of the occurrence of a Listed Event shall be so captioned and prominently state the title, date and CUSIP numbers of the Bonds or, with respect to a notice of the occurrence of a Listed Event relating to all issues of the County, the CUSIP number of the County.

(e) The County may satisfy its obligations hereunder to file any notice, document or information with each Repository by filing the same with any dissemination agent or conduit, including the Municipal Advisory Council of Texas or any other “central post office” or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to each applicable Repository, to the extent permitted by the Commission or Commission staff or required by the Commission. For this purpose, permission shall be deemed to have been granted by the Commission staff if and to the extent the agent or conduit has received an interpretive letter, which has not been revoked, from the Commission staff to the effect that using the agent or conduit to transmit information to each Repository will be treated for purposes of the Rule as if such information were transmitted directly to each Repository.

Section 6. Termination of Reporting Obligation. The County’s obligations under this Continuing Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under subsection 5(c).

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty days written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Continuing Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Certificate, the County may amend this Continuing Disclosure Certificate, and any provision of this Continuing Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of subsection 3(a), Section 4, or subsection 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the respective Indenture for amendments to the respective Indenture with the consent of Owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under subsection 5(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Continuing Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, including the information then contained in Appendix A to the County's official statements relating to debt issuances, using the means of dissemination set forth in this Continuing Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Certificate, the County shall have no obligation under this Continuing Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the County to comply with any provision of this Continuing Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Continuing Disclosure Certificate. A default under this Continuing Disclosure Certificate shall not be deemed an Event of Default under either of the Indentures with respect to the Bonds, and the sole remedy under this Continuing Disclosure Certificate in the event of any failure of the County to comply with this Continuing Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Continuing Disclosure Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Certificate, and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may

incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Continuing Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Continuing Disclosure Certificate shall be governed by the laws of the State of California and the federal securities laws.

Section 15. Effective Date. This Continuing Disclosure Certificate shall be effective upon the issuance of the Bonds.

IN WITNESS WHEREOF, the County of Los Angeles has executed this Continuing Disclosure Certificate as of the date first set forth above.

COUNTY OF LOS ANGELES

By: _____
Treasurer and Tax Collector

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Los Angeles County Public Works Financing Authority

Name of Issue: \$ _____ Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series [A/B]

Date of Issuance: December __, 2006

NOTICE IS HEREBY GIVEN that the COUNTY OF LOS ANGELES, CALIFORNIA (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated as of [December] 1, 2006, executed and delivered by the County. [The County anticipates that the Annual Report will be filed by _____.]

Dated: _____

COUNTY OF LOS ANGELES

By: _____

Title: _____

[\$ [Series A Par Amount]
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS
(2006 MASTER REFUNDING PROJECT) SERIES A

[\$ [Series B Par Amount]
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS
(2006 MASTER REFUNDING PROJECT) SERIES B

BOND PURCHASE AGREEMENT

[November____, 2006]

Los Angeles County Public Works Financing Authority
Los Angeles, California

Board of Supervisors
County of Los Angeles, California
Los Angeles, California

Ladies and Gentlemen:

The undersigned, Citigroup Global Markets, Inc., on behalf of itself and as representative (the "Representative") of the underwriters set forth on Exhibit A hereto (the "Underwriters"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Los Angeles County Public Works Financing Authority (the "Authority") and the County of Los Angeles, a political subdivision of the State of California (the "County"), which, upon acceptance of this offer by the Authority and the County, will be binding upon the Authority, the County and the Underwriters. This offer made is subject to receipt by the Underwriters of the documents referred to in Section 9 hereof and to acceptance by the Authority and the County by execution and delivery of this Bond Purchase Agreement to the Underwriters at or prior to 5:00 P.M., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the Authority and the County at any time prior to the acceptance hereof by the Authority and the County.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters hereby agree to purchase from the Authority to offer to the public, and the Authority hereby agrees to cause U.S. Bank National Association, a national bank association organized and existing under the laws of the United States of America, as Trustee ("the Trustee"), to deliver to the Underwriters for such purpose, all (but not less than all), in the manner provided herein, of the \$[Series A Par Amount] aggregate principal amount of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A (the "2006 Series A Bonds") and the \$[Series B Par Amount] aggregate principal

amount of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B (the "2006 Series B Bonds"). Collectively, the 2006 Series A Bonds and the 2006 Series B Bonds are referred hereinafter as the "Bonds", and each a "Series of Bonds." The Bonds shall be delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated their date of delivery and mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, all as shown in Exhibit B. Interest on the Bonds will be payable semiannually each March 1 and September 1, commencing on September 1, 2007. The Bonds shall otherwise be as described in the Official Statement with respect to the Bonds, dated November __, 2006 (as further defined below), and be subject to redemption as provided therein. The aggregate purchase price of the 2006 Series A Bonds shall be \$ _____ (representing the aggregate principal amount of the 2006 Series A Bonds, [plus/less] net original issue [premium/discount] of \$ _____, and less an Underwriters' discount of \$ _____). The aggregate purchase price of the 2006 Series B Bonds shall be \$ _____ (representing the aggregate principal amount of the 2006 Series B Bonds, [plus/less] net original issue [premium/discount] of \$ _____, and less an Underwriters' discount of \$ _____).

2. The Bonds. The Bonds shall be issued in accordance with Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the Government Code of the State of California (the "Act"), a Resolution of the Authority adopted on _____, 2006 (the "the Authority Resolution"), and a Resolution of the County adopted on _____, 2006 (the "County Resolution").

The 2006 Series A Bonds shall be issued pursuant to an Indenture of Trust, dated as of December 1, 2006 (the "Series A Indenture"), by and among the County, the Authority and the Trustee. The 2006 Series A Bonds shall evidence and represent the right to receive principal and interest payments from Base Rental payments (as that term is defined in the Indenture) payable by the County pursuant to that certain Sublease and Option to Purchase, dated as of December 1, 2006 (the "Series A Sublease"), by and between the County and the Authority, relating to certain real properties and improvements located thereon (the "Series A Facilities"). In connection therewith, the County and the Authority have entered into a Lease, dated as of December 1, 2006 (the "Series A Lease"), providing for the lease of the Series A Facilities by the County to the Authority. Pursuant to the Series A Indenture, the Authority will assign to the Trustee certain of its rights, title and interest in and to the Series A Lease and the Series A Sublease.

The 2006 Series B Bonds shall be issued pursuant to an Indenture of Trust, dated as of December 1, 2006 (the "Series B Indenture", and together with the Series A Indenture, the "Indentures"), by and among the County, the Authority and the Trustee. The 2006 Series B Bonds shall evidence and represent the right to receive principal and interest payments from Base Rental payments to be made by the County under a Sublease and Option to Purchase, dated as of December 1, 2006 (the "Series B Sublease" and together with the Series A Sublease, the "Subleases"), by and between the County and the Authority, relating to certain real property and improvements located thereon, as more particularly described herein (the "Series B Facilities"). In connection therewith, the County and the Authority have entered into a Lease, dated as of December 1, 2006 (the "Series B Lease" and together with the Series A Lease, the "Leases"), providing for the lease of the Series B Facilities by the County to the Authority. Pursuant to the

Series B Indenture, the Authority will assign to the Trustee certain of its rights, title and interest in and to the Series B Lease and the Series B Sublease.

Capitalized terms in this Bond Purchase Agreement that are not otherwise defined herein shall have the meanings given to such terms in the Indentures.

The payment of principal and interest (but not redemption premium, if any) with respect to the Bonds, when due, will be insured by a municipal bond insurance policy (the "Insurance Policy") issued by _____ (the "Insurer").

3. Purpose of the Bonds. The Authority will use the proceeds of the 2006 Series A Bonds, together with that portion of moneys held in certain funds and accounts attributable to the Series A Prior Obligations (defined below), to current refund all of the Authority's outstanding Lease Revenue Refunding Bonds, 1996 Series A (County of Los Angeles 1996 Master Refunding Project) (the "1996 Series A Bonds"), all of the Authority's outstanding Lease Revenue Refunding Bonds, 1996 Series B (County of Los Angeles 1996 Master Refunding Project) (the "1996 Series B Bonds"), and all of the Authority's outstanding Lease Revenue Refunding Bonds (1997 Master Refunding Project) Series A (the "1997 Bonds" and, together with the 1996 Series A Bonds and the 1996 Series B Bonds, the "Series A Prior Obligations"), fund a Reserve Fund for the 2006 Series A Bonds (the "Series A Reserve Fund"), and pay certain costs of issuance incurred in connection with the issuance of the 2006 Series A Bonds.

The Authority will use the proceeds of the 2006 Series B Bonds, together with that portion of moneys held in certain funds and accounts attributable to the County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000 A (the "Series B Prior Obligations"), to advance refund all of the Series B Prior Obligations, fund a Reserve Fund for the 2006 Series B Bonds (the "Series B Reserve Fund"), and pay certain costs of issuance incurred in connection with the issuance of the 2006 Series B Bonds.

The Authority will refund the Series A Prior Obligations by depositing into separate escrow funds with respect to each series of Series A Prior Obligations (collectively, the "Series A Escrow Funds") a portion of the proceeds of the 2006 Series A Bonds and moneys held in certain funds and accounts attributable to the respective series of Series A Prior Obligations. The Escrow Funds will be established under respective escrow agreements, dated as of December 1, 2006 (the "Series A Escrow Agreements"), by and between the County and U.S. Bank National Association, as escrow agent thereunder and as trustee (the "Series A Prior Trustee") for the Series A Prior Obligations. Moneys deposited in the Series A Escrow Funds will be held in cash and invested as required pursuant to the respective trust agreement and indenture for the Series A Prior Obligations (collectively, the "Series A Prior Indentures"), as applicable, such that the amounts in the respective Series A Escrow Funds, together with the earnings to accrue on the investments therein, and without the need for further investment, will be sufficient to pay when due the respective series of Series A Prior Obligations, including all principal, redemption premium, if any, and interest payable with respect thereto.

The Authority will refund the Series B Prior Obligations by depositing into an escrow fund (the "Series B Escrow Fund") a portion of the proceeds of the 2006 Series B Bonds and moneys held in certain funds and accounts attributable to the Series B Prior Obligations. The

Series B Escrow Fund will be established under an escrow agreement, dated as of December 1, 2006 (the "Series B Escrow Agreement" and, together with the Series A Escrow Agreements, the "Escrow Agreements"), by and between the County and U.S. Bank National Association, as escrow agent thereunder and as trustee for the Series B Prior Obligations (the "Series B Prior Trustee"). Moneys deposited in the Series B Escrow Fund will be held as cash and invested as required pursuant to the trust agreement for the Series B Prior Obligations (the "Series B Prior Indenture"), such that the amounts in the Series B Escrow Fund, together with the earnings to accrue on such investments, and without the need for further investment, will be sufficient to pay when due the Series B Prior Obligations, including all principal, redemption premium, if any, and interest payable with respect thereto.

4. Offering. (a) It shall be a condition to the Authority's obligation to sell and issue the Bonds to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for Bonds that the entire aggregate principal amount of the Bonds referred to in Section 1 shall be issued by the Authority and purchased, accepted and paid for by the Underwriters at the Closing (as defined herein). The Underwriters agree to make a bona fide public offering of all the Bonds, at prices not in excess of the initial public offering prices or yields for Bonds as set forth in the Official Statement (as herein defined); provided that the Bonds may be offered and sold to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriters, at prices lower than such public offering prices and may effect transactions that stabilize or maintain the market price of the Bonds. The County and the Authority hereby authorize the use by the Underwriters of this Bond Purchase Agreement, the Indentures, the Leases and the Subleases, the Authority Resolution, the County Resolution, the Continuing Disclosure Certificate, the Escrow Agreements and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds (each as defined herein and, collectively, the "Legal Documents").

(b) The Underwriters agree as follows:

(i) to file on or before the date of Closing (as herein defined) a copy of the Official Statement, including any supplements thereto, with a Nationally Recognized Municipal Securities Information repository (as defined in Rule 15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933, as amended); and

(ii) to take any and all actions necessary to comply with rules of the SEC and Municipal Securities Rulemaking Board which are applicable to the Underwriters governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

5. Official Statement. Upon the Authority's and the County's acceptance of this offer, the Authority and the County shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement dated November ____, 2006 (together with any appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement") with respect

to the Bonds, in connection with the public offering and sale of the Bonds by the Underwriters. The Authority shall deliver to the Underwriters copies of the Official Statement in such quantities as the Underwriters shall reasonably request, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Representative (said document, including its cover page, inside cover page and appendices, as the same may be amended and supplemented in accordance with this Bond Purchase Agreement and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Official Statement"), approved for distribution pursuant to the Authority Resolution and the County Resolution. The Authority shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Underwriters such copies of the Official Statement.

6. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriters as follows:

(a) the County is, and will be on the date of Closing, a political subdivision of the State of California (the "State") organized and operating pursuant to the Constitution and laws of the State with the full power and authority to execute and deliver the Legal Documents to be executed by it and to own its properties and to carry on its business as presently conducted;

(b) by official action of the County, prior to or concurrently with the acceptance hereof, the County has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement have been, as of the date hereof, and the other Legal Documents will have been as of the date of Closing, duly authorized, executed and delivered by the County and constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of the Facilities or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

(e) to the best knowledge of the County, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the County, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the County or threatened against the County in any material respect affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the County Resolution or the payment of Base Rental as required under the Subleases or in any way contesting or affecting the validity or enforceability of the Act or the Legal Documents or contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the County or this Bond Purchase Agreement or that could have a material adverse impact upon the ability of the County to enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the County or in any way contesting the existence or powers of the County;

(g) the County will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the County be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and in the final Official Statement is, as of the date hereof, and will be, as of the Closing Date and the date which is 25 days following the End of the Underwriting Period, true and correct in all material respects and such information does not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an

untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the County will notify the Representative, and, if in the reasonable opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County shall cooperate with the Authority in preparing and furnishing to the Underwriters (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Bonds, the County will furnish such information with respect to itself as the Representative may from time to time reasonably request; provided, further, as used in this Bond Purchase Agreement, the term "End of the Underwriting Period" for the Bonds shall mean the earlier of (i) the Closing Date unless the County and the Authority shall have been notified in writing to the contrary by the Representative on or prior to the said date or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12, provided, however, that the County and the Authority may treat as the End of the Underwriting Period for the Bonds as the date specified as such in a notice from the Representative stating the date that is the End of the Underwriting Period;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the County will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the County of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the by the Underwriters;

(l) after the date of Closing, the County will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(m) the financial statements of, and other financial information regarding, the County contained in the Official Statement fairly present the financial position and results of the

operations of the County as of the dates and for the periods therein set forth, and, to the best of the County's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information has been determined on a basis substantially consistent with that of the County's audited financial statements included in the Official Statement;

(n) any certificate signed by a County Representative and delivered to the Representative pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the County to each of the Underwriters as to the truth of the statements therein made; and

(o) the exceptions set forth in the preliminary title report with respect to the Facilities, subject to permitted encumbrances, do not, and the exceptions set forth in the policy or policies of title insurance will not, materially impair the value of the Facilities, the existing facilities thereon or the sites thereof, nor materially impair the County's enjoyment of the same for any purposes for which they are, or may reasonably be expected to be, used.

7. Representations, Warranties and Agreements of the Authority. The Authority represents, warrants and agrees with the Underwriters as follows:

(a) the Authority is, and will be on the Closing Date, a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the Government Code of the State with the full power and authority to issue the Bonds, execute and deliver the Legal Documents to be executed by it and own its properties and carry on its business as presently conducted;

(b) by official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement have been, as of the date hereof, and the other Legal Documents will have been as of the date of Closing, duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) the issuance of the Bonds and the execution and delivery of the Legal Documents by the Authority and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any

nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Bonds or the Legal Documents executed by the Authority;

(e) to the best knowledge of the Authority, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to issue the Bonds or enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the Authority or threatened against the Authority in any material respect affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the Authority Resolution or the sale, execution or delivery of the Bonds or the payment of principal and interest on the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds, the Legal Documents or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the Authority or this Bond Purchase Agreement or that could have a material adverse impact upon the ability of the Authority to issue the Bonds or enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the Authority or in any way contesting the existence or powers of the Authority;

(g) the Authority will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and in the Final Official Statement is, as of the date hereof, and will be, as of the Closing Date and the date which is 25 days following the End of the Underwriting Period, true and correct in all material respects and such information does not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the

statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Representative, and, if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish to the Underwriters (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Bonds, the Authority will furnish such information with respect to itself as the Representative may from time to time reasonably request;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the Authority will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the by the Underwriters;

(l) after the date of Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters; and

(m) any certificate signed by a the Authority Representative and delivered to the Representative pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the Authority to each of the Underwriters as to the truth of the statements therein made.

8. Closing. At 8:00 a.m., California time, on December __, 2006, or at such other date and time as shall have been mutually agreed upon by the Authority, the County and the Representative, the Authority will issue or cause to be issued to the Representative the Bonds in definite form duly executed and authenticated by the Trustee in book-entry form through the facilities of The Depository Trust Company, New York, New York ("DTC") as described below, or at such other place upon which the Representative, the Authority and the County may mutually agree, and the other documents hereinafter mentioned shall be delivered at the office of Squire, Sanders & Dempsey L.L.P., Los Angeles, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Authority, the County and the Representative. The Representative will accept such issuance through the facilities of DTC and pay the purchase price of the Bonds as set forth in Section 1 hereof in federal or other immediately available funds. Subject to the terms and conditions hereof, the Representative will accept delivery of the Bonds and pay the purchase price thereof as set forth herein in federal or other immediately available funds (such delivery of and payment for the Bonds is herein called the "Closing"). The Bonds shall be prepared and delivered to the Representative on the date of Closing in the form of one certificate for each series, fully registered in the name of Cede & Co., as nominee of DTC.

9. Closing Conditions. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the Authority and the County contained herein, the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority and the County of their respective obligations herein, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement to purchase, accept issuance of, and pay for the Bonds shall be conditioned upon the performance by the Authority and the County of their obligations to be performed herein and the accuracy and delivery of the documents and instruments required to be delivered hereby at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) the representations and warranties of the Authority and the County contained or incorporated herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of Closing as if made on the date of Closing;

(b) at the time of the Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented after the date thereof except as may have been agreed to in writing by the Representative, there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and by the Legal Documents and the County and the Authority shall have performed their obligations required under or specified in the Legal Documents to be performed at or prior to the Closing;

(c) at the time of the Closing, all official actions of the Authority and the County relating to the Legal Documents and the Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Representative;

(d) at the time of Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) at or prior to the time of Closing, the Representative shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative and to Underwriters' counsel, Hawkins Delafield & Wood LLP:

(i) the Official Statement and each supplement or amendment thereto, if any;

(ii) a certified copy of the Statement of Facts Roster of Public Agencies Filing of the Authority, together with all amendments thereto;

(iii) executed copies of the Legal Documents;

(iv) the unqualified approving opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, dated the date of Closing and addressed to the Authority and the County, substantially in the form set forth in Appendix F to the Official Statement, together with a letter of such counsel, dated the date of Closing and addressed to the Underwriters and the Insurer, to the effect that the foregoing approving legal opinion addressed to the Authority and the County may be relied upon by the Underwriters and the Insurer to the same extent as if such letter were addressed to them;

(v) a supplemental opinion of Bond Counsel dated the date of Closing and addressed to the Underwriters and the Insurer to the effect that:

(A) this Bond Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, delivered by, and constitute legal, valid and binding agreements of, the Authority in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to creditors' rights generally;

(B) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indentures are not required to be qualified pursuant to the Trust Indenture Act of 1939, as amended;

(C) the statements contained in the Official Statement under the captions "INTRODUCTION – Security and Sources of Payment for the Bonds," and "– The Bonds," "PLAN OF REFUNDING," "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," and "TAX MATTERS" and in APPENDIX C – "Summary of Principal Legal Documents," and APPENDIX F – "Form of Opinion of Bond Counsel," insofar as the statements contained under such captions purport to summarize certain provisions of the Bonds and the Legal Documents and said firm's final legal opinion concerning certain tax matters relating to

the Bonds, present a fair and accurate summary of such provisions and opinion for purposes of use in the Official Statement; and

(D) the Prior Obligations have been paid and discharged as provided in the Prior Indentures.

(vi) an opinion of the County Counsel, as counsel to the County, dated the date of Closing and addressed to the Underwriters and the Insurer to the effect that:

(A) the County is a political subdivision of the State, duly organized and validly existing pursuant to the laws and Constitution of the State, and has full legal right, power and authority to execute and deliver, and to perform its obligations under, the Legal Documents to which it is a party;

(B) the County Resolution was duly adopted at a meeting of the Board of Supervisors of the County, as the governing board of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents to which the County is a party have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the County is a party or to which the County or any of the Facilities or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or

other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

(E) to the best of County Counsel's knowledge, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the County or threatened against the County affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the County's covenant to make the necessary annual appropriations for all such Base Rental as required under the Subleases or contesting or affecting as to the County the validity or enforceability of the Act or the Legal Documents, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authorization in connection with the adoption of the County Resolution, or the execution and delivery by the County of the Legal Documents to which the County is party wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the County or the performance by the County of its obligations under and in connection with the Legal Documents to which the County is a party; and

(F) the preparation and distribution of the Official Statement has been duly authorized by the Board of Supervisors of the County;

(vii) an opinion of the County Counsel, as counsel to the Authority, dated the date of Closing and addressed to the Underwriters and the Insurer to the effect that:

(A) the Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the Government Code of the State, and has full legal right, power and authority to execute and deliver, and to perform its obligations under the Legal Documents to which it is a party and the Bonds;

(B) the Authority Resolution was duly adopted at a meeting of the Board of Directors of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents and the Bonds have been duly authorized, executed and delivered and issued, as applicable, by the Authority and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to issue the Bonds or enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; the issuance of the Bonds and the execution and delivery of the Legal Documents by the Authority and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Bonds or Legal Documents executed by the Authority; and the issuance of the Bonds and the execution and delivery of the Legal Documents, and compliance with the provisions on the Authority's part contained therein will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative regulation, judgment or decree or any provision of any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to us after reasonable inquiry to which the Authority is a party or to which the Authority or any of its Facilities or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the Facilities or assets of the Authority or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds (as set forth in the Indentures), the Authority Resolution, or the Bond Purchase Agreement; and

(E) to the best of County Counsel's knowledge, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the Authority or threatened against the Authority affecting the corporate existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the issuance or sale of the Bonds or the County's covenant to make the necessary annual appropriations for all such Base Rental as required under the Subleases or contesting or affecting as to the Authority the validity or enforceability of the Act, the Bonds or the Legal Documents, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the Authority or any authorization in connection with the issuance of the Bonds, the adoption of the Authority Resolution, or the execution and delivery by the Authority of the Bonds or the Legal Documents to which the Authority is a party wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the Authority or the performance by the Authority of its obligations under and in connection with the Bonds or the Legal Documents;

(F) the preparation and distribution of the Official Statement has been duly authorized by the Board of Directors of the Authority;

(viii) a certificate of a County Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the County contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references herein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) to the best of his or her knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(C) the County has obtained insurance, or otherwise provided for self-insurance, as required by the Subleases and all required policies are in full force and effect and have not been revoked or rescinded;

(D) to the best knowledge of the County Representative, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against the County, or threatened against the County which if adversely determined, could materially adversely affect the financial position of the County; and

(E) the County has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(ix) a certificate of an Authority Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) to the best of his or her knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(C) to the best knowledge of the Authority Representative, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against the Authority, or threatened against the Authority which if adversely determined, could materially adversely affect the financial position of the Authority; and

(D) the Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(x) a certificate of the Trustee dated the date of Closing to the effect that:

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indentures and to authenticate and deliver the Bonds;

(B) the Trustee is duly authorized to enter into the Indentures, and, when the Indentures are duly authorized, executed and delivered by the other parties thereto, to deliver the Bonds to the Representative pursuant to the terms of the Indentures;

(C) the execution and delivery by the Trustee of the Indentures and the Bonds, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Indentures by the Trustee or the delivery of the Bonds by the Trustee;

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Trustee, threatened against or affecting the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Bonds or the Indentures, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the delivery of the Bonds, or which, in any way, would adversely affect the validity of the Bonds or the Indentures or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indentures, or the consummation of the transactions contemplated in connection with the issuance of the Bonds; and

(F) subject to the provisions of the Indentures, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indentures;

(xi) an opinion of counsel to the Trustee dated the date of Closing addressed to the County, the Authority, the Underwriters and the Insurer to the effect that:

(A) the Trustee is a national banking association organized and existing under the laws of the United States, having full power and being

qualified to enter, accept and administer the trust created under the Indentures and to deliver the Bonds; and

(B) the Bonds have been duly delivered by the Trustee in accordance with the Indentures, and the Indentures have been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(xii) a certificate of each of the Prior Trustees dated the date of Closing to the effect that:

(A) the Prior Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States, having the full power and authority to perform its duties under the applicable Escrow Agreement;

(B) the compliance by the Prior Trustee with the applicable Escrow Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Prior Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Prior Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Prior Trustee with respect to any federal or state securities or blue sky laws or regulations); and

(C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Prior Trustee, threatened against or affecting the existence of the Prior Trustee or in any way contesting or affecting the validity of the applicable Escrow Agreement, or contesting the powers of the Prior Trustee or its authority to perform its obligations under the applicable Escrow Agreement, or wherein an unfavorable decision, ruling or finding would adversely affect the Prior Trustee or the transactions contemplated in connection with the issuance of the Bonds, or which, in any way, would adversely affect the validity of the Bonds, applicable Escrow Agreement or any agreement or instrument to which the Prior Trustee is a party and which is used or contemplated for use in the applicable Escrow Agreement in connection with the issuance of the Bonds;

(xiii) with respect to each Escrow Agreement, an opinion of counsel to the Prior Trustee dated the date of Closing addressed to the County, the Authority, the Underwriters and the Insurer to the effect that:

(A) the Prior Trustee is a national banking association organized and existing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Escrow Agreement; and

(B) the Escrow Agreement has been duly delivered by the Prior Trustee in accordance with the Prior Indentures, and the Escrow Agreement has been duly authorized, executed and delivered by the Prior Trustee and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitutes the legal, valid and binding obligations of the Prior Trustee enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(xiv) an opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, as counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters in form reasonably satisfactory to the Representative;

(xv) a copy of the Verification Report of [_____], as Verification Agent, with respect to the Prior Obligations;

(xvi) evidence of the existence and validity of a policy or policies of title insurance with respect to the Facilities;

(xvii) certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indentures;

(xviii) copies of the Authority Resolution certified by the Clerk of the Board of Directors of the Authority authorizing the execution and delivery of the Legal Documents to which the Authority is a party;

(xix) copies of the County Resolution certified by the Clerk of the Board of Supervisors of the County authorizing the execution and delivery of the Legal Documents to which the County is a party;

(xx) an executed copy of the Tax Compliance Certificate in form and substance acceptable to Bond Counsel;

(xxi) the Insurance Policy issued by the Insurer with respect to the Bonds, the tax certificate representations of the Insurer, and an opinion of counsel to the Insurer regarding the enforceability of the Insurance Policy, in form reasonably satisfactory to the Authority, the County, Bond Counsel and the Representative;

(xxii) evidence from Fitch, Moody's and S&P that the Bonds have been rated "AAA," "Aaa" and "AAA," respectively, by such rating agencies; and

(xxiii) such additional legal opinions, certificates, instruments and other documents as Bond Counsel or Counsel to the Underwriters may reasonably request to evidence compliance by the Trustee, the County and the Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement, the lack of any material adverse litigation or proceeding and the due performance or satisfaction by the Trustee, the Authority and the County, at or prior to such time of all agreements to be performed and all conditions then to be satisfied.

10. Termination. The Representative shall have the right to terminate in its [absolute] discretion the Underwriters' obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the County or Authority of its election to do so if, after the execution hereof and prior to the Closing:

(a) Legislation shall be enacted by the Congress of the United States or favorably reported out for passage to either House of Congress by any committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on or evidenced by obligations of the general character of the Bonds, which, in the opinion of Bond Counsel has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest shall be includable in such gross income as of the date hereof;

(b) any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or any action shall have been taken by any court or by any government authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

(c) (i) the Constitution of the State shall be amended or an amendment shall qualify for the ballot, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of State law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State by an official, agency or department thereof, affecting the tax status of the County or Authority, its property or income, its bonds or notes (including the Bonds) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(d) (i) trading of any securities of the County or Authority shall have been suspended on any exchange or in any over-the-counter market, (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities exchange shall have been declared, or (iii) war shall have been declared or there shall have occurred an engagement in major military hostilities by the United States or any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(e) there shall have occurred any downgrading, or any notice shall have been given of (i) any intended or potential downgrading or (ii) any review or possible change that does not indicate the direction of a possible change, in the rating accorded the Bonds by any “nationally recognized statistical rating organization,” as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended; or

(f) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

11. Expenses. (a) The Underwriters shall be under no obligation to pay and the Authority and the County shall pay or cause to be paid the expenses incident to the performance of their obligations hereunder including, but not limited to, (i) the cost of preparation, printing and delivery of the Indentures; (ii) the costs of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements and amendments thereto; (iii) the cost of preparation and printing of the Bonds; (iv) the fees and disbursements of Bond Counsel and the County Counsel; (v) the fees and disbursements of Fieldman, Rolapp & Associates and other financial advisor for its services as financial advisor to the Authority or the County; (vi) the fees and disbursements of any other engineers, accountants, and other experts,

consultants or advisers retained by the Authority or the County; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of the Verification Agent in connection with the certificate to be delivered pursuant to this Bond Purchase Agreement and (ix) the fees and disbursements of independent certified public accountants and any other independent auditor of the Authority or the County.

(b) The Underwriters shall pay only: (i) the cost of preparing the Blue Sky Memorandum; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds; (iii) the fees and disbursements of Hawkins Delafield & Wood LLP, as counsel to the Underwriters; (iv) all California Debt and Investment Advisory Commission fees, and (v) all other expenses incurred by the Underwriters in connection with the public offering of the Bonds, including the fees and disbursements of any other counsel retained by them.

12. Representations of Representative. The Representative represents and warrants to and agrees with the Authority and the County that it is authorized to take any action under this Bond Purchase Agreement required to be taken by and on behalf of the Underwriters and that this Bond Purchase Agreement is a binding contract of the Underwriters enforceable in accordance with its terms.

13. Notices. Any notice or other communication (other than the acceptance hereof as specified in the first paragraph hereof) to be given under this Bond Purchase Agreement may be given by delivering the same in writing to the County to:

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Public Finance

to the Authority:

Los Angeles County Public Works Authority
500 West Temple Street, Room 383
Los Angeles, California 90012
Attention: Executive Officer - Clerk of the Board of Supervisors

and to the Underwriters:

Citigroup Global Markets
444 South Flower Street, 27th Floor
Los Angeles, California 90071
Attention: H. Cody Press III, Managing Director

14. Parties in Interest; Survivability of Representations, Warranties and Agreements. This Bond Purchase Agreement is made solely for the benefit of the Authority, the County and the Underwriters and no other person shall acquire or have any right hereunder or by virtue

hereof. All of the Authority's and the County's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) issuance of and payment for the Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

15. Governing Law. The laws of the State shall govern the validity, interpretation and performance of this Bond Purchase Agreement.

16. Entire Agreement. This Bond Purchase Agreement, when accepted by the Authority and the County in writing as heretofore specified, shall constitute the entire agreement among the Authority, the County and the Underwriters.

17. Headings. The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

18. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by a County Representative and a the Authority Representative and shall be valid and enforceable at the time of such acceptance.

19. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By: _____
H. Cody Press III, Managing Director

ACCEPTED:

This _____ day of November, 2006

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
Mark J. Saladino
Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By: _____
Mark J. Saladino
Treasurer

Approved as to Form:

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Principal Deputy County Counsel

EXHIBIT A

UNDERWRITERS

Citigroup Global Markets, Incorporated

Morgan Stanley & Co. Incorporated

EXHIBIT B

2006 BONDS SERIES A MATURITY SCHEDULE

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			

2006 BONDS SERIES B MATURITY SCHEDULE

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

HD&W – Third Draft – 10/31/06

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER ____, 2006

NEW ISSUE – BOOK-ENTRY-ONLY

RATINGS: See “RATINGS” herein.

In the opinion of Squire, Sanders & Dempsey L.L.P., Los Angeles, California, Bond Counsel, under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.

\$220,280,000*

**Los Angeles County Public Works Financing
Authority Lease Revenue Refunding Bonds
(2006 Master Refunding Project) Series A**

\$107,710,000*

**Los Angeles County Public Works Financing
Authority Lease Revenue Refunding Bonds
(2006 Master Refunding Project) Series B**

Dated: Date of Delivery

Due: September 1, as shown on the inside cover page

The Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A (the “2006 Series A Bonds”) are being issued pursuant to an Indenture of Trust, dated as of December 1, 2006 (the “Series A Indenture”), by and among the County of Los Angeles, California (the “County”), the Los Angeles County Public Works Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Series A Trustee”). The Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B (the “2006 Series B Bonds”) and together with the 2006 Series A Bonds, the “Bonds”) are being issued pursuant to an Indenture of Trust, dated as of December 1, 2006 (the “Series B Indenture”), by and among the County, the Authority and U.S. Bank National Association, as trustee (the “Series B Trustee”). Principal of and interest on the 2006 Series A Bonds are payable from Base Rental payments to be made by the County under a Sublease and Option to Purchase, dated as of December 1, 2006 (the “Series A Sublease”), by and between the County and the Authority, relating to certain real property and improvements located thereon, as more particularly described herein (the “Series A Facilities”). Principal of and interest on the 2006 Series B Bonds are payable from Base Rental payments to be made by the County under a Sublease and Option to Purchase, dated as of December 1, 2006 (the “Series B Sublease” and together with the Series A Sublease, the “Subleases”), by and between the County and the Authority, relating to certain real property and improvements located thereon, as more particularly described herein (the “Series B Facilities”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The proceeds of the 2006 Series A Bonds, together with a portion of moneys held in certain funds and accounts attributable to the Series A Prior Obligations (defined herein), will be used to current refund all of the Authority’s outstanding Series A Prior Obligations, fund a Reserve Fund and pay certain costs of issuance incurred in connection with the issuance of the 2006 Series A Bonds. The proceeds of the 2006 Series B Bonds, together with a portion of moneys held in certain funds and accounts attributable to the Series B Prior Obligations (defined herein), will be used to advance refund all of the Authority’s outstanding Series B Prior Obligations, fund a Reserve Fund and pay certain costs of issuance incurred in connection with the issuance of the 2006 Series B Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF PROCEEDS OF THE BONDS” herein.

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on September 1, 2007. The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX D – “Book-Entry Only System” attached hereto.

The Bonds are subject to optional and mandatory redemption, including mandatory sinking fund redemption, prior to maturity as described herein. See “THE BONDS – Redemption of the 2006 Series A Bonds” and “--Redemption of the Series B Bonds” herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE RESPECTIVE SUBLEASES AND FROM AMOUNTS HELD BY THE RESPECTIVE TRUSTEES IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY THE RESPECTIVE INDENTURES. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by [Bond Insurer]. See “BOND INSURANCE” herein and APPENDIX G – “Form of Financial Guaranty Insurance Policy” attached hereto.

[BOND INSURER LOGO]

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, and if issued, subject to the approval as to their legality by Squire, Sanders & Dempsey L.L.P., Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the Authority and the County by County Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about December ____, 2006.

Citigroup

Morgan Stanley & Co. Incorporated

Dated: November ____, 2006

* Preliminary, subject to change.

16630.4 030024 DDOCS

MATURITY SCHEDULE*

\$242,615,000*

**Los Angeles County Public Works Financing Authority
Lease Revenue Refunding Bonds
(2006 Master Refunding Project) Series A**

(Base CUSIP: 544657)

Due (Sept. 1)	Principal Amount	Interest Rate	Price or	CUSIP**	Due (Sept. 1)	Principal Amount	Interest Rate	Price or	CUSIP**
2007					2012				
2008					2013				
2009					2014				
2010					2015				
2011									

\$107,710,000*

**Los Angeles County Public Works Financing Authority
Lease Revenue Refunding Bonds
(2006 Master Refunding Project) Series B**

(Base CUSIP: 544657)

Due (Sept. 1)	Principal Amount	Interest Rate	Price or	CUSIP**	Due (Sept. 1)	Principal Amount	Interest Rate	Price or	CUSIP**
2007					2017				
2008					2018				
2009					2019				
2010					2020				
2011					2021				
2012					2022				
2013					2023				
2014					2024				
2015					2025				
2016					2026				

\$ _____ % Term Bonds due September 1, 2033 Yield – % CUSIP** : _____

* Preliminary, subject to change.

** CUSIP data, copyright American Bankers Association. CUSIP data herein are set forth herein for convenience of reference only. Neither the Authority, the County nor the Underwriters assume any responsibility for the accuracy of such data.

COUNTY OF LOS ANGELES

[SEAL]

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS
(2006 Master Refunding Project) Series A**

Board of Supervisors

Michael D. Antonovich
Fifth District, Mayor

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Sachi A. Hamai
*Executive Officer-Clerk
Board of Supervisors*

County Officials

David E. Janssen
Chief Administrative Officer

Raymond G. Fortner, Jr.
County Counsel

J. Tyler McCauley
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector

Fieldman, Rolapp & Associates
Financial Advisor

U.S. Bank National Association
Trustee

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from the Authority and County, and other sources that are believed by the Authority and County to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the County and Authority.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
GENERAL	1
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	2
TERMS OF THE BONDS	2
LIMITED OBLIGATION	3
FINANCIAL GUARANTY INSURANCE POLICY	3
THE COUNTY	3
THE AUTHORITY	3
CONTINUING DISCLOSURE	4
FORWARD-LOOKING STATEMENTS	4
PLAN OF REFUNDING	4
SERIES A PRIOR OBLIGATIONS	4
SERIES B PRIOR OBLIGATIONS	6
DESCRIPTION OF THE FACILITIES	8
SERIES A FACILITIES	8
SERIES B FACILITIES	8
ESTIMATED SOURCES AND USES OF PROCEEDS OF THE BONDS	9
THE BONDS	9
GENERAL	9
REDEMPTION OF THE 2006 SERIES A BONDS	9
REDEMPTION OF THE 2006 SERIES B BONDS	10
NOTICE OF REDEMPTION	11
EFFECT OF NOTICE OF REDEMPTION	11
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	11
BASE RENTAL	11
RESERVE FUNDS	13
ABATEMENT	14
INSURANCE	14
SUBSTITUTION OR RELEASE	14
ADDITIONAL BONDS	15
BOND INSURANCE	15
RISK FACTORS	15
NOT A PLEDGE OF TAXES	15
ADDITIONAL OBLIGATIONS OF THE COUNTY	16
ADEQUACY OF COUNTY INSURANCE RESERVES OR INSURANCE PROCEEDS	16
ABATEMENT	16
REMEDIES	17
LIMITATIONS ON REMEDIES	17
SEISMIC EVENTS	18
VERIFICATION OF MATHEMATICAL COMPUTATIONS	18
TAX MATTERS	18
CONTINUING DISCLOSURE	20
CERTAIN LEGAL MATTERS	20
FINANCIAL ADVISOR	21
LITIGATION	21

TABLE OF CONTENTS (continued)

	<u>Page</u>
RATINGS.....	21
UNDERWRITING	21
ADDITIONAL INFORMATION.....	22
APPENDIX A – The County of Los Angeles Information Statement.....	A-1
APPENDIX B – The County of Los Angeles Audited Financial Statements for the Fiscal Year Ended June 30, 2005	B-1
APPENDIX C – Summary of Principal Legal Documents	C-1
APPENDIX D – Book-Entry Only System	D-1
APPENDIX E – Form of Continuing Disclosure Certificate	E-1
APPENDIX F – Form of Opinion of Bond Counsel.....	F-1
APPENDIX G – Form of Financial Guaranty Insurance Policy.....	G-1

\$220,280,000*
Los Angeles County Public Works Financing
Authority Lease Revenue Refunding Bonds
(2006 Master Refunding Project) Series A

\$107,710,000*
Los Angeles County Public Works Financing
Authority Lease Revenue Refunding Bonds
(2006 Master Refunding Project) Series B

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Bonds being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the "State") and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the respective meanings assigned to them in the Indenture. See APPENDIX C – "Summary of Principal Legal Documents" attached hereto.

General

This Official Statement, including the cover page, the inside cover page and the appendices attached hereto (the "Official Statement"), provides certain information concerning the sale and issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series A in the aggregate principal amount of \$220,280,000* (the "2006 Series A Bonds") pursuant to an Indenture of Trust, dated as of December 1, 2006 (the "Series A Indenture"), by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and U.S. Bank National Association, as trustee (the "Series A Trustee"), and the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B in the aggregate principal amount of \$107,710,000* (the "2006 Series B Bonds" and, together with the 2006 Series A Bonds, the "Bonds") pursuant to an Indenture of Trust, dated as of December 1, 2006 (the "Series B Indenture" and, together with the Series A Indenture, the "Indenture"), by and among the County, the Authority, and U.S. Bank National Association, as trustee (the "Series B Trustee").

The proceeds of the 2006 Series A Bonds, together with that portion of moneys held in certain funds and accounts attributable to the Series A Prior Obligations (defined below), will be used to current refund all of the Authority's outstanding Lease Revenue Refunding Bonds, 1996 Series A (County of Los Angeles 1996 Master Refunding Project) (the "1996 Series A Bonds"), all of the Authority's outstanding Lease Revenue Refunding Bonds, 1996 Series B (County of Los Angeles 1996 Master Refunding Project) (the "1996 Series B Bonds"), and all of the Authority's outstanding Lease Revenue Refunding Bonds (1997 Master Refunding Project) Series A (the "1997 Bonds" and, together with the 1996 Series A Bonds and the 1996 Series B Bonds, the "Series A Prior Obligations"), fund a Reserve Fund for the 2006 Series A Bonds (the "Series A Reserve Fund"), and pay certain costs of issuance incurred in connection with the issuance of the 2006 Series A Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF PROCEEDS OF THE BONDS" herein.

The proceeds of the 2006 Series B Bonds, together with that portion of moneys held in certain funds and accounts attributable to the County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000 A (the "Series B Prior Obligations" and, together with the Series A Prior Obligations, the "Prior Obligations"), will be used to advance refund all of the Series B Prior

* Preliminary, subject to change.

Obligations, fund a Reserve Fund for the 2006 Series B Bonds (the "Series B Reserve Fund"), and pay certain costs of issuance incurred in connection with the issuance of the 2006 Series B Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF PROCEEDS OF THE BONDS" herein.

Security and Sources of Payment for the Bonds

The County will lease certain real property and the improvements located thereon, as more particularly described herein (the "Series A Facilities"), to the Authority pursuant to a Lease, dated as of December 1, 2006 (the "Series A Lease"), by and between the County and the Authority. The County will lease the Series A Facilities from the Authority pursuant to a Sublease and Option to Purchase, dated as of December 1, 2006 (the "Series A Sublease"), by and between the County and the Authority. Base Rental payments (the "Series A Base Rental Payments") to be made by the County under the Series A Sublease will be used to pay principal of and interest on the 2006 Series A Bonds when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental" herein.

The County will lease certain real property and the improvements located thereon, as more particularly described herein (the "Series B Facilities" and, together with the Series A Facilities, the "Facilities"), to the Authority pursuant to a Lease, dated as of December 1, 2006 (the "Series B Lease" and, together with the Series A Lease, the "Leases"), by and between the County and the Authority. The County will lease the Series B Facilities from the Authority pursuant to a Sublease and Option to Purchase, dated as of December 1, 2006 (the "Series B Sublease" and, together with the Series A Lease, the "Subleases"), by and between the County and the Authority. Base Rental payments (the "Series B Base Rental Payments" and, together with the Series A Base Rental Payments, the "Base Rental Payments"), to be made by the County under the Series B Sublease will be used to pay principal of and interest on the 2006 Series B Bonds when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental" herein.

The Series A Base Rental Payments and the Series B Base Rental payments are scheduled to be sufficient to pay principal of and interest on the 2006 Series A Bonds and the 2006 Series B Bonds, respectively, when due. The County has covenanted in the respective Subleases to take such action as may be necessary to include all respective Base Rental and Additional Rental (defined below) payments due thereunder in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental payments, except to the extent such payments are abated in accordance with the respective Subleases. See APPENDIX C – "Summary of Principal Legal Documents," – "The Indentures" and "– The Subleases" attached hereto.

The County's obligation to pay Base Rental under a Sublease will be abated during any period in which, by reason of material damage, destruction, theft, title defects or condemnation, there is substantial interference with the use or possession by the County of the Facilities subject to such Sublease, or any material portion thereof. Failure of the County to pay such Base Rental during any such period shall not constitute a default under such Sublease, or under the related Indenture or Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Abatement" herein.

Terms of the Bonds

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on September 1, 2007. The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of

and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX D – “Book-Entry Only System” attached hereto.

The Bonds are subject to optional and mandatory redemption, including mandatory sinking fund redemption, prior to maturity as described herein. See “THE BONDS – Redemption of the 2006 Series A Bonds” and “--Redemption of the Series B Bonds” herein.

Limited Obligation

The Bonds are special obligations of the Authority payable solely from the respective Base Rental payments received pursuant to the respective Subleases and from amounts held by the respective Trustees in certain funds and accounts established by the respective Indentures. The obligation of the County to pay Base Rental does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to pay Base Rental constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The Authority has no taxing power and has no obligation to pay Base Rental payments.

Financial Guaranty Insurance Policy

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy (the “Policy”) to be issued concurrently with the delivery of the Bonds by [Bond Insurer] (the “Insurer”). See “BOND INSURANCE” herein and APPENDIX G – “Form of Financial Guaranty Insurance Policy” attached hereto.

The County

The County is located in the southern coastal portion of the State and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and is more populous than 42 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, and tourism. For additional economic, demographic and financial information with respect to the County, see APPENDIX A – “The County of Los Angeles Information Statement” and APPENDIX B – “The County of Los Angeles Audited Financial Statements for the Fiscal Year Ended June 30, 2005” attached hereto.

The Authority

The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended by a Certificate of Amendment dated April 26, 1994 and a Certificate of Amendment dated October 22, 1996, and as further amended from time to time, the “JPA Agreement”), to provide financial assistance from time to time to the County, the Los Angeles County Flood Control District, the Los Angeles County Regional Park and Open Space District, the Community Facilities District No. 2 (Rowland Heights Area) of the County of Los Angeles and any entity that becomes a party to the JPA Agreement in accordance with its terms. The Authority has previously issued obligations secured by certain revenues of and rental payments from certain contracting parties, which obligations are outstanding in the approximate principal amount of \$ _____ as of June 30, 2006, and may issue additional obligations in the future. These other obligations of the Authority are not secured by any Base Rental payments under the Sublease, and the Bonds are not secured by any other assets or

property of the Authority other than Base Rental payments under the Sublease, as provided in the Indenture.

Continuing Disclosure

The County has covenanted to provide, or cause to be provided, by not later than February 1 of each fiscal year, commencing on February 1, 2007, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, certain annual financial information and operating data and, in a timely manner, notice of certain material events. These covenants have been made in order to assist the Underwriters of the Bonds in complying with the Rule. See "CONTINUING DISCLOSURE" herein and APPENDIX E – "Form of Continuing Disclosure Certificate" attached hereto.

Forward-Looking Statements

Certain statements included or incorporated by reference in the Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

PLAN OF REFUNDING

Series A Prior Obligations

The proceeds of the 2006 Series A Bonds, together with that portion of moneys held in certain funds and accounts attributable to the Series A Prior Obligations, will be used to effect the current refunding of: (i) all of the 1996 Series A Bonds currently outstanding in the aggregate principal amount of \$106,120,000, (ii) all of the 1996 Series B Bonds currently outstanding in the aggregate principal amount of \$77,930,000, and (iii) all of the 1997 Bonds currently outstanding in the aggregate principal amount of \$87,950,000.

The Series A Prior Obligations were issued to refund certain obligations of the County and to finance additional public capital improvements of the County.

The County intends to refund the Series A Prior Obligations by depositing into separate escrow funds with respect to each series of Series A Prior Obligations (collectively, the "Series A Escrow Funds") a portion of the proceeds of the 2006 Series A Bonds and moneys held in certain funds and accounts attributable to the respective series of Series A Prior Obligations. The Escrow Funds will be established under respective escrow agreements, dated as of December 1, 2006, by and between the County and U.S. Bank National Association, as escrow agent thereunder and as trustee for the Series A Prior Obligations (the "Series A Prior Trustee"). Moneys deposited in the Series A Escrow Funds will be held in cash and invested as required pursuant to the respective trust agreement and indenture for the Series A Prior Obligations (collectively, the "Series A Prior Indentures"), as applicable, such that the amounts in the respective Series A Escrow Funds, together with the earnings to accrue on the investments

therein, and without the need for further investment, will be sufficient to pay when due the respective series of Series A Prior Obligations, including all principal, redemption premium, if any, and interest payable with respect thereto.

Upon deposit into the Series A Escrow Funds of the cash and investments pursuant to the Series A Escrow Agreement, instructions to the Series A Prior Trustee in accordance with the defeasance provisions of the Series A Prior Indentures and either notice of the redemption of the Series A Prior Obligations or irrevocable instructions from the County to the Series A Prior Trustee to give such notice of redemption, as applicable, the Series A Prior Obligations shall no longer be deemed outstanding under the Series A Prior Indentures and the obligations of the parties to the Series A Prior Indentures with respect to the Series A Prior Obligations shall cease and terminate (except the obligations to make payments from the Series A Escrow Funds and to maintain the necessary mechanics therefor). _____, a firm of independent certified public accountants, will verify the mathematical computations used to determine the sufficiency of the deposits into the Escrow Funds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

The Series A Prior Obligations are set forth in the following table:

SERIES A PRIOR OBLIGATIONS⁽¹⁾

Series	Maturity Dates	Principal Amounts	Redemption Price	Redemption Date⁽¹⁾	CUSIP⁽²⁾
1996 Series A Bonds	September 1, 2007	\$15,310,000	102%	March 1, 2007	CQ5
	September 1, 2008	15,430,000	102	March 1, 2007	CR3
	September 1, 2009	9,810,000	102	March 1, 2007	CS1
	September 1, 2010	10,450,000	102	March 1, 2007	CT9
	September 1, 2011	11,010,000	102	March 1, 2007	CU6
	September 1, 2012	11,595,000	102	March 1, 2007	CV4
	September 1, 2013	12,215,000	102	March 1, 2007	CW2
	September 1, 2014	12,720,000	102	March 1, 2007	CX0
	September 1, 2015	6,295,000	102	March 1, 2007	CY8
	September 1, 2016	1,285,000	102	March 1, 2007	CZ5
1996 Series B Bonds	September 1, 2007	\$7,550,000	102%	March 1, 2007	DM3
	September 1, 2008	7,930,000	102	March 1, 2007	DN1
	September 1, 2009	8,335,000	102	March 1, 2007	DP6
	September 1, 2010	8,885,000	102	March 1, 2007	DQ4
	September 1, 2011	9,365,000	102	March 1, 2007	DR2
	September 1, 2012	9,865,000	102	March 1, 2007	DS0
	September 1, 2013	10,385,000	102	March 1, 2007	DT8
	September 1, 2014	10,815,000	102	March 1, 2007	DU5
	September 1, 2015	4,800,000	102	March 1, 2007	DV3
1997 Bonds	March 1, 2007	\$13,435,000	100%	March 1, 2007 ⁽³⁾	FM1
	March 1, 2008	13,900,000	101	March 1, 2007	FN9
	March 1, 2009	14,485,000	101	March 1, 2007	FP4
	March 1, 2010	14,875,000	101	March 1, 2007	FQ2
	March 1, 2011	9,695,000	101	March 1, 2007	FR0
	March 1, 2012	10,040,000	101	March 1, 2007	FS8
	March 1, 2015	11,520,000	101	March 1, 2007	FV1

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ Base CUSIP: 54473E.

⁽³⁾ Maturity.

Series B Prior Obligations

The proceeds of the 2006 Series B Bonds, together with that portion of moneys held in certain funds and accounts attributable to the Series B Prior Obligations, will be used to effect the current refunding of: all of the Series B Prior Obligations currently outstanding in the aggregate principal amount of \$110,105,000.00

The Series B Prior Obligations were issued to finance the acquisition, construction and improvement of the Series B Facilities.

The County intends to refund the Series B Prior Obligations by depositing into an escrow fund (the "Series B Escrow Fund") a portion of the proceeds of the 2006 Series B Bonds and moneys held in

certain funds and accounts attributable to the Series B Prior Obligations. The Series B Escrow Fund will be established under an escrow agreement, dated as of December 1, 2006 (the “Series B Escrow Agreement”), by and between the County and U.S. Bank National Association, as escrow agent thereunder and as trustee for the Series B Prior Obligations (the “Series B Prior Trustee”). Moneys deposited in the Series B Escrow Fund will be held as cash and invested as required pursuant to the trust agreement for the Series B Prior Obligations (the “Series B Prior Indenture”), such that the amounts in the Series B Escrow Fund, together with the earnings to accrue on such investments, and without the need for further investment, will be sufficient to pay when due the Series B Prior Obligations, including all principal, redemption premium, if any, and interest payable with respect thereto.

Upon deposit of the cash and investment into the Series B Escrow Fund pursuant to the Series B Escrow Agreement, instructions to the Series B Prior Trustee in accordance with the defeasance provisions of the Series B Prior Indenture and either notice of the redemption of the Series B Prior Obligations or irrevocable instructions from the County to the Series B Prior Trustees to give such notice of redemption, as applicable, the Series B Prior Obligations shall no longer be deemed outstanding under the Series B Prior Indenture and the obligations of the parties to the Series B Prior Indenture with respect to the Series B Prior Obligations shall cease and terminate (except the obligations to make payments from the Escrow Fund and to maintain the necessary mechanics therefor). _____, a firm of independent certified public accountants, will verify the mathematical computations used to determine the sufficiency of the deposits into the Escrow Funds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

The Series B Prior Obligations are set forth in the following table:

SERIES B PRIOR OBLIGATIONS⁽¹⁾				
Maturity Dates	Principal Amounts	Redemption Price	Redemption Date	CUSIP⁽⁴⁾
November 1, 2007 ⁽²⁾	\$1,915,000	100%	November 1, 2007 ⁽³⁾	AX7
November 1, 2008 ⁽²⁾	1,995,000	100	November 1, 2008 ⁽³⁾	AY5
November 1, 2009 ⁽²⁾	2,085,000	100	November 1, 2009 ⁽³⁾	AZ2
November 1, 2010 ⁽²⁾	2,175,000	100	November 1, 2010 ⁽³⁾	BA6
November 1, 2011	2,275,000	100	November 1, 2010	BB4
November 1, 2012	2,395,000	100	November 1, 2010	BC2
November 1, 2013	2,535,000	100	November 1, 2010	BD0
November 1, 2014	2,685,000	100	November 1, 2010	BE8
November 1, 2015	2,845,000	100	November 1, 2010	BF5
November 1, 2016	3,015,000	100	November 1, 2010	BG3
November 1, 2017	3,180,000	100	November 1, 2010	BH1
November 1, 2018	3,345,000	100	November 1, 2010	BJ7
November 1, 2019	3,530,000	100	November 1, 2010	BK4
November 1, 2020	3,735,000	100	November 1, 2010	BL2
November 1, 2021	3,960,000	100	November 1, 2010	BM0
November 1, 2022	4,195,000	100	November 1, 2010	BN8
November 1, 2027	24,670,000	101	November 1, 2010	BT5
November 1, 2033	39,570,000	101	November 1, 2010	BZ1

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ Escrowed to maturity.

⁽³⁾ Maturity.

⁽⁴⁾ Base CUSIP: 54473E.

DESCRIPTION OF THE FACILITIES

The following are descriptions of the Facilities. The County currently has full use and possession of all of the Facilities, and upon the issuance of the Bonds and the defeasance of the Prior Obligations there will be no senior liens or other encumbrances on the Facilities other than encumbrances permitted under the respective Subleases. Each Sublease requires that the County obtain a standard CLTA policy of title insurance with respect to the Facilities, subject to certain permitted encumbrances. The County may modify or amend the description of the Facilities, release from the respective Leases or Subleases any portion of the Facilities or substitute other property and/or improvements for the Facilities or any portion thereof upon compliance with all of the terms set forth therein and in the respective Indentures. See APPENDIX C – “Summary of Principal Legal Documents – Subleases – Substitution or Removal of Property” attached hereto.

Series A Facilities

Lynwood Regional Justice Center. The Lynwood Regional Justice Center is located on approximately 19 acres of land located at 11705 Alameda Street in the City of Lynwood, and consists of a complex of buildings including a sheriff’s station of approximately 62,000 gross square feet of space, two detention facilities with a combined rated capacity of 1,014 beds and occupying approximately 418,000 gross square feet of space, courts and court-related buildings of approximately 70,000 gross square feet of space, a support building that includes a central energy plant, and 156,000 gross square feet of parking area, including grade level parking and a multi-story parking garage.

Central Jail Expansion (“Twin Towers”). The Central Jail Expansion (also known as the “Twin Towers”) is constructed on a site of approximately 9 acres owned by the County on the 400 block of Bauchet Street, in the City of Los Angeles. It includes a self-contained maximum security detention facility in two high rise housing towers of seven and eight stories, with a combined rated and non-rated capacity of 2,312 beds and a total of 832,200 gross square feet of space; an inpatient medical and mental health facility in a separate tower of about 101,000 gross square feet of space housing 200 nonrated, fully licensed, inpatient care beds for the maximum security population. Total space is approximately 1,245,400 gross square feet.

Series B Facilities

Antelope Valley Courthouse. The Antelope Valley Courthouse is located on a 17-acre site at the intersection of 4th Street West and Avenue M in the City of Lancaster in Los Angeles County. The courthouse consists of a five story building of approximately 380,000 square feet, and houses 21 courtrooms, related facilities including a cafeteria, and surface and underground parking.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE BONDS

The proceeds of the Bonds and the portion of moneys held in certain funds and accounts attributable to the Prior Obligations are expected to be applied approximately as set forth below:

Sources of Funds:	Series A Bonds	Series B Bonds	Total
Principal Amount of the Bonds	\$		
Net Original Issue [Premium/Discount]			
From Prior Obligations Funds and Accounts			
TOTAL SOURCES	<u>\$</u>	<u>\$</u>	<u>\$</u>
Uses of Funds:			
1996 Series A Bonds Escrow Fund	\$		
1996 Series B Bonds Escrow Fund			
1997 Bonds Escrow Fund			
Series B Prior Obligations Escrow Fund			
Reserve Fund			
Costs of Issuance ⁽¹⁾			
TOTAL USES	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Includes underwriter's discount, bond insurance premium, title insurance costs, financial advisor fees, rating agency fees, escrow agent fees, bond counsel fees, verification agent fees, printing costs and other miscellaneous expenses.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds for the complete text thereof and to the respective Indentures for a more detailed description of such provisions. The discussion herein is qualified by such reference.

General

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on September 1, 2007. The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX D – "Book-Entry Only System" attached hereto.

Redemption of the 2006 Series A Bonds

Mandatory Redemption. The 2006 Series A Bonds are subject to mandatory redemption prior to maturity, as a whole or in part at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, on any date following the deposit of such moneys, from amounts deposited in the Redemption Account pursuant to the Series A Indenture following an event of damage, destruction, theft or condemnation of the Series A Facilities or any portion thereof or loss of the use or possession of the Series A Facilities or any portion thereof due to a title defect.

Selection of 2006 Series A Bonds for Redemption. Whenever provision is made in the Series A Indenture or the Series A Sublease for the redemption of the 2006 Series A Bonds and less than all Outstanding 2006 Series A Bonds are to be redeemed, the Authority shall give written instruction to the Trustee of the principal amount of each maturity of 2006 Series A Bonds to be redeemed. Within a maturity, the Trustee shall select 2006 Series A Bonds for redemption by lot. Redemption by lot shall be in such manner as the Trustee shall determine; provided, however, that the portion of any 2006 Series A Bond to be redeemed shall be in Authorized Denominations and all 2006 Series A Bonds to remain Outstanding after any redemption in part shall be in Authorized Denominations.

Redemption of the 2006 Series B Bonds

Optional Redemption.* The 2006 Series B Bonds maturing on or after September 1, 20__ are subject to redemption prior to maturity from amounts deposited with the Series B Trustee by the County in furtherance of the exercise of the County's option to purchase the Authority's right, title and interest in the Series B Facilities or any portion thereof in accordance with the Series B Sublease and from any other funds legally available therefor, as a whole or in part on any date, on or after September 1, 20__, at a redemption prices equal to the principal amount thereof, without premium, plus accrued but unpaid interest to the redemption date:

Mandatory Redemption. The 2006 Series B Bonds are subject to mandatory redemption prior to maturity, as a whole or in part at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, on any date following the deposit of such moneys, from amounts deposited in the Redemption Account pursuant to the Series B Indenture following an event of damage, destruction, theft or condemnation of the Series B Facilities or any portion thereof or loss of the use or possession of the Series B Facilities or any portion thereof due to a title defect.

Redemption from Sinking Account Installments.* The 2006 Series B Bonds maturing on September 1, 20____, shall be subject to mandatory redemption, in part, by lot, on September 1, 20____ and on each September 1 thereafter prior to maturity, from Sinking Account Installments on deposit in the Principal Account of the Bond Fund, at a redemption price equal to the principal amount of such 2006 Series B Bonds to be redeemed, without premium, plus accrued but unpaid interest to the redemption date as indicated on the following table:

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u>
	\$
(maturity)	

Selection of 2006 Series B Bonds for Redemption. Whenever provision is made in the Series B Indenture or the Series B Sublease for the redemption of the 2006 Series B Bonds (other than from Sinking Account Installments) and less than all Outstanding 2006 Series B Bonds are to be redeemed, the Authority shall give written instruction to the Series B Trustee of the principal amount of each maturity of 2006 Series B Bonds to be redeemed. Within a maturity, the Series B Trustee shall select 2006 Series B Bonds for redemption by lot. Redemption by lot shall be in such manner as the Series B Trustee shall determine; provided, however, that the portion of any 2006 Series B Bond to be redeemed shall be in

* Preliminary, subject to change.

Authorized Denominations and all 2006 Series B Bonds to remain Outstanding after any redemption in part shall be in Authorized Denominations.

Notice of Redemption

Whenever redemption is authorized or required pursuant to an Indenture, the Authority shall give the appropriate Trustee at least 45 days prior written notice, at the expense of the Authority, specifying the date and amount of the redemption of the appropriate Bonds and such Trustee shall give notice of such redemption at least 30 but not more than 45 days prior to the redemption date to the Owners of such Bonds designated for redemption, by first class mail at their addresses appearing in the Bond Register. Neither failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Effect of Notice of Redemption

The Bonds to be redeemed shall be due and payable on the date of redemption set forth in the Redemption Notice with respect thereto. If on such redemption date money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the appropriate Trustee so as to be available therefor on such redemption date, and if a Redemption Notice shall have been given as described in the appropriate Indenture, then, from and after such redemption date, no additional interest shall become due on such Bonds to be redeemed.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Base Rental

Base Rental payments under the respective Subleases are scheduled to be sufficient to pay principal of and interest on the respective Bonds when due. The County has covenanted in the Subleases to take such action as may be necessary to include all Base Rental and Additional Rental due thereunder in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental, except to the extent such payments are abated in accordance with the respective Subleases. See APPENDIX C – “Summary of Principal Legal Documents” attached hereto.

Subject to the provisions of each Sublease relating to abatement, the County’s obligation to make Base Rental payments in the amounts and on the terms and conditions specified thereunder will be absolute and unconditional without any right of set-off or counterclaim. Each Sublease provides that the covenants on the part of the County therein contained are deemed to be and are construed to be ministerial duties imposed by law, and that it will be the ministerial duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements on the part of the County contained in such Sublease. Each Sublease provides that the County will pay from legally available funds Base Rental thereunder for the right to use and possession of the respective Facilities in the amounts, at the times and in the manner set forth in such Sublease.

Notwithstanding any other provision of the Subleases or the Indentures, in no event will the Authority or any assignee of the rights of the Authority thereunder have the right to accelerate the payment of any Base Rental thereunder or otherwise declare any Base Rental not then in default to be immediately due and payable.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE RESPECTIVE SUBLEASES AND FROM AMOUNTS HELD BY THE RESPECTIVE TRUSTEES IN CERTAIN FUNDS AND

ACCOUNTS ESTABLISHED BY THE RESPECTIVE INDENTURES. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

A table of the aggregate annual Base Rental payments to be made by the County under the Subleases is set forth below.

SCHEDULE OF BASE RENTAL PAYMENTS*

Fiscal Year Ending June 30	Series A Base Rental			Series B Base Rental			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2007	\$	\$	\$	\$	\$	\$	\$
2008							
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2016							
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
Total	\$	\$	\$	\$	\$	\$	\$

* Preliminary, subject to change.

Reserve Funds

On the date of issuance of the Bonds, a portion of the proceeds of the Series A Bonds will be deposited in the Series A Reserve Fund, and a portion of the proceeds of the Series B Bonds will be deposited in the Series B Reserve Fund.

Amounts held in the Series A Reserve are available only to pay principal of and interest on the Series A Bonds, and amounts held in the Series B Reserve Fund are available only to pay principal of and interest on the Series B Bonds.

Each Reserve Fund will be held by the respective Trustees and will be kept separate and apart from all other funds and moneys held by the respective Trustees. The respective Trustees will administer the Reserve Funds as provided in the respective Indentures. Each Reserve Fund will be maintained by the respective Trustee in the amount of the Reserve Requirement until there are no longer any Bonds Outstanding under the respective Indenture, except as provided in such Indenture. The "Reserve

Requirement” for a series of Bonds means, as of any date of calculation, the least of (i) ten percent (10%) of the proceeds (within the meaning of section 148 of the Code (herein defined)) of such Bonds; (ii) 125% of average annual debt service on such Bonds then Outstanding; or (iii) the Maximum Annual Debt Service on such Bonds for that and any subsequent year. See APPENDIX C – “Summary of Principal Legal Documents – The Indentures” attached hereto.

Abatement

Pursuant to the Subleases, the respective Base Rental payments will be abated during any period in which, by reason of material damage, destruction, condemnation, theft or defects in the title to the respective Facilities or a portion thereof, there is substantial interference with the use or possession by the County of the respective Facilities or any material portion thereof. The amount of rental abatement will be such that the resulting total Base Rental payments under the appropriate Sublease in any Fiscal Year during which such interference continues do not exceed the total fair rental value of the remaining portions of the respective Facilities for which there is no substantial interference with the County’s right of use or possession. The Trustee may require a certificate of a County Representative to the effect that the resulting total rental represents such fair consideration as elaborated in the preceding sentence. Any such abatement shall continue for the period commencing with the date on which any such interference with the County’s right to use or possession of such Facilities, or a material portion thereof, as a result of such damage, destruction, condemnation, theft or title defect, commences and ending with the restoration of such Facilities, or the affected portion thereof, to tenantable condition.

Insurance

The County has covenanted in each Sublease to secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, rated “A” or better by Standard & Poor’s, Moody’s or A.M. Best in *Best’s Insurance Reports*, or through a program of self-insurance to the extent specifically permitted in such Sublease, all coverage with respect to the respective Facilities required by such Sublease. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Abatement” and “Risk Factors – Abatement.”

The County will not be required to maintain or cause to be maintained more insurance than is specifically referred to in the Subleases, or except with respect to rental interruption insurance, any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers at a reasonable cost on the open market; provided, however, that if the County determines that any such insurance, except for rental interruption insurance and title insurance, is not offered by reputable insurers at a reasonable cost on the open market, and elects with respect to those risks set forth above for which self-insurance is permitted, not to maintain the insurance with outside insurers as described above, it will self-insure those risks for which insurance is otherwise required. If the County is permitted to and does self-insure under this provision, then, except for any self-insurance for workers’ compensation to which this sentence shall not apply, the County will establish and fund reserves which, in the opinion of the County Chief Administrative Officer are adequate.

Substitution or Release

Pursuant to each Sublease, the County shall have the right at any time and from time to time, to substitute other real property (the “New Property”) for any portion of the respective Facilities (the “Former Property”), or to remove Former Property from such Facilities without the addition of New Property, provided that the County shall satisfy all of the requirements set forth in such Sublease, including, but not limited to the following: (i) no Event of Default shall have occurred and be continuing; (ii) the County shall file with the Authority and the Trustee, and cause to be recorded in the office of the Los Angeles County Recorder, sufficient memorialization describing such Facilities after such

substitution and/or removal as provided in such Sublease; (iii) the County shall obtain a CLTA policy of title insurance (or, as appropriate, an endorsement or other amendment to the then current policy of title insurance) insuring the County's leasehold estate under the Sublease (and the Authority's leasehold estate under the Lease) in such Facilities as amended by such addition of New Property, subject to the terms of the Sublease; (iv) the County shall certify in writing to the Authority and to the Trustee that such New Property constitutes property which the County is permitted to lease under the laws of the State of California; (v) such addition and/or removal shall not cause the County to violate any of its covenants, representations and warranties made in the Sublease; (vi) the County shall file with the Authority and the Trustee a certificate of a County Representative stating that (A) the total fair rental value of such Facilities after such substitution and/or removal is at least equal to 100% of the maximum amount of Base Rental and Additional Rental payments coming due in the then current Lease Year and in any subsequent Lease Year, (B) the useful life of such Facilities after such substitution at least equals the lesser of (1) the useful life of such Facilities before such substitution and/or removal, or (2) the date of the final Base Rental payment, and (C) such addition and/or removal of property will not interfere with or impair the use intended to be made of the Facilities; and (vii) the Insurer shall have consented to the substitution or release.

Notwithstanding the conditions set forth in the preceding paragraph, the County may grant or vacate, or cause the granting or vacating of, any easement burdening or benefiting the Facilities, provided that the County shall satisfy the requirements set forth in clauses (i) through (vi) of the preceding paragraph (such requirements understood to pertain to the granting or vacating of easements instead of the addition or removal of property).

Additional Bonds

The Authority may from time to time, by a supplement or amendment to each Indenture, authorize one or more series of Additional Bonds on a parity with or secured separately from, the Outstanding Bonds issued under such Indenture. Such supplement or amendment to such Indenture may provide for the creation of such funds and accounts as may be required for the issuance of Additional Bonds. See APPENDIX C – "Summary of Principal Legal Documents – The Indenture".

BOND INSURANCE

The following information has been furnished by the Insurer for use in this Official Statement. Reference is made to APPENDIX G - "Form of Financial Guaranty Insurance Policy" for a specimen of the Policy.

[TO COME]

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Bonds.

Not a Pledge of Taxes

The obligation of the County to pay Base Rental or Additional Rental payments under the Subleases does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligation of the County to make Base Rental or Additional Rental payments under the Subleases constitutes an indebtedness of the County, the State or

any of its political subdivisions within the meaning of the constitution or statutory debt limitation or restriction. The Authority has no obligation to pay Base Rental. Under certain circumstances, Base Rental may be abated under the Subleases.

Although the principal of and interest on the Bonds, and any premiums upon the redemption of any Bonds, is not a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or the County or upon any of their income, receipts or revenues (except the Base Rental payments and other funds pledged to the payment thereof as provided in the respective Indentures), the County agrees under each Sublease to pay the respective Base Rental from legally available funds for the right use and possession of the respective Facilities as provided therein and the County has covenanted in each Sublease to take such action as may be necessary to include all Base Rental or Additional Rental payments due thereunder in its annual budget and to make the necessary annual appropriations for all such Base Rental or Additional Rental payments except to the extent such payments are abated in accordance with such Sublease. The County is currently liable on other obligations payable from general revenues.

Additional Obligations of the County

The County has the capability to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental payments may be decreased.

The Base Rental payments and other payments due under the Subleases (including payment of costs of replacement, maintenance and repair of the Facilities and taxes, other governmental charges and utility charges levied against the Facilities) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a Fiscal Year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rental payments, based on the perceived needs of the County. The same result could occur if, because of California constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. In such event, the County may not have sufficient funds available to pay principal of and interest on the Bonds when due.

Adequacy of County Insurance Reserves or Insurance Proceeds

The County may self-insure for certain types of insurance required under the Subleases. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance." The County intends to self-insure for workers' compensation insurance and general liability insurance with respect to the Facilities. If the County elects to self-insure against other risks, no assurance can be given that the insurance reserves established by the County will be sufficient to satisfy any loss which the County may experience. If the County's self-insurance reserves are inadequate, the amount of Base Rental payable under the Subleases could be abated. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Abatement" and "Risk Factors – Abatement" herein.

Abatement

Except to the extent of amounts held pursuant to each Indenture, amounts received from rental interruption insurance, title insurance, condemnation awards and liquidated damages, if any, and amounts, if any, otherwise legally available to the County and deposited with the respective Trustee for the purpose of making payments on the respective series of Bonds, rental payments due under the respective Sublease will be abated during any period in which, by reason of material damage, destruction, condemnation, theft or defects in the title to the respective Facilities or a portion thereof, there is substantial interference with the use or possession by the County of such Facilities or any material portion thereof. The amount of

rental abatement will be such that the resulting total rental payments in any Fiscal Year during which such interference continues, excluding any amounts described above, do not exceed the total fair rental value of the remaining portions of such Facilities as to which such damage, destruction, condemnation, theft or title defect do not substantially interfere with the County's right of use or possession. Any such abatement will continue for the period commencing with the date on which any such interference with the County's right to use or possession of such Facilities, or a material portion thereof, as a result of such damage, destruction, condemnation, theft or title defect, commences and ending with the restoration of such Facilities, or the affected portion thereof, to tenantable condition.

Such reduced or abated Base Rental, together with other moneys available to such Trustee, may not be sufficient, after depletion of amounts in such Reserve Fund and expiration of rental interruption insurance, if any, with respect to such Facilities, to pay principal of an interest on such Bonds in the amounts and at the rates set forth thereon. In such an event, all Owners of such Bonds would forfeit the right to receive a pro rata portion of interest attributable to such abated Base Rental in any year of abatement and, to the extent such Bonds matured during a period of abatement, such Owners would forfeit the right to receive a pro rata portion of principal attributable to such abated Base Rental. The failure to make such payments of principal and interest under such circumstances would not be considered an Event of Default under such Sublease or the respective Indenture.

Remedies

Under each Sublease, the Authority or its assignee has the right to pursue any remedy available at law or in equity, except as otherwise expressly provided thereunder, including the remedy described in California Civil Code Section 1951.4 as the same may be amended from time to time. The Authority or its assignee has the right, at its option, to sublet the respective Facilities whether or not such Sublease has terminated.

Notwithstanding anything to the contrary contained in a Sublease, in addition to the remedies set forth above, the Authority or its assignee has the right, at its option, without any further demand or notice to re-enter the respective Property or any portion thereof and eject all parties therefrom, and, without terminating such Sublease, re-let such Property or any portion thereof as the agent for the account of the County upon such terms and conditions as the Authority or its assignee may deem advisable, in which event the rental received on such re-letting shall be applied first to the expenses of re-letting and collection, including expenses necessary for repair or restoration of such Property to its original condition (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commission, actually paid, second to Base Rental in accordance with such Sublease and the respective Indenture and third to Additional Rental in accordance with such Sublease and such Indenture and if a sufficient sum is not realized to pay such sums and other charges, then the County will pay to the Authority or its assignee any net deficiency existing on the date when such Base Rental or Additional Rental is due thereunder. Any re-entry will be allowed by the County without hindrance, and the Authority and its assignee will not be liable for damages for any such re-entry or be guilty of trespass.

Limitations on Remedies

Under each Sublease, the Authority or any assignee of the rights of the Authority thereunder will not exercise their or its remedies, respectively, thereunder so as to cause the interest on the respective series of Bonds to be includable in gross income for federal income tax purposes or subject to State personal income taxes. Notwithstanding any other provision of such Sublease or the respective Indenture, in no event will the Authority or any assignee of the rights of the Authority thereunder have the right to accelerate the payment of any Base Rental thereunder or otherwise declare any such Base Rental not then in default to be immediately due and payable.

Additionally, the Trustee may have limited ability to relet the Leased Property to provide a source of rental payments sufficient to pay debt service on the Bonds. The Trustee is not empowered to sell the Leased Property for the benefit of the Owners. In addition, due to the essential government functions of the Leased Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto.

Additionally, enforceability of the rights and remedies of the Bondowners, and the obligations incurred by the Authority and the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Bondowners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Seismic Events

The Facilities are located within a seismically active area, and damage from an earthquake could be substantial. If the proceeds of any earthquake insurance were insufficient to replace or repair the damage caused to the Facilities, the County would be limited to its general fund, reserves, and emergency grants, if any, in seeking to make appropriate repairs. Pending such repairs, the County's obligation to make Base Rental Payments under the respective Sublease would be subject to abatement. See "RISK FACTORS – Abatement" herein.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the 2006 Series A Bonds, _____, independent accountants, will deliver a report on the arithmetical accuracy of certain computations contained in schedules provided to them by the Underwriters relating to the adequacy of the maturing principal of and interest on certain obligations and certain other moneys to pay all of the principal and prepayment premium, if any, and the interest due with respect to the Series A Prior Obligations as such principal, prepayment premium and interest become due and payable. See "PLAN OF REFUNDING" herein.

Upon delivery of the 2006 Series B Bonds, _____, independent accountants, will deliver a report on (a) the arithmetical accuracy of certain computations contained in schedules provided to them by the Underwriters relating to the adequacy of the maturing principal of and interest on certain obligations and certain other moneys to pay all of the principal and prepayment premium, if any, and the interest due with respect to the Series B Prior Obligations as such principal, prepayment premium and interest become due and payable, see "PLAN OF REFUNDING" herein, and (b) the computations of yield of the Series B Prior Obligations and the federal securities in the Series B Escrow Fund which support Bond Counsel's opinion that the interest on the Series B Prior Obligations is excluded from gross income of the owners thereof for federal income tax purposes.

TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Los Angeles, California, Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not

an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from State of California personal income taxes. An opinion to those effects will be included in the legal opinion of Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F - "Form of Opinion of Bond Counsel." Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the County to be contained in the transcript of proceedings for the Bonds and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Authority or the County may cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the Bonds. The Authority and the County have each covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Under the Code, a portion of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Purchasers of the Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should consult their own tax advisers regarding other tax considerations such as the consequences of market discount or premium.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX F - "Form of Opinion of Bond Counsel."

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County has agreed to provide, or cause to be provided, not later than February 1 in each year, commencing with the report for the County's fiscal year ended June 30, 2006, to each nationally recognized municipal securities information repository and each Repository certain annual report, including the County's financial statements and (i) assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended; (ii) summary financial information on revenues, expenditures and fund balances for the County's total budget funds for the Fiscal Year of the County most recently ended; (iii) summary financial information on the proposed and adopted budgets of the County for the current Fiscal Year and any changes in the adopted budget; (iv) summary of aggregate annual debt obligations of the County as of the beginning of the current Fiscal Year; (v) summary of annual outstanding principal obligations of the County as of the beginning of the current Fiscal Year; and (vi) the ratio of the County's outstanding debt to total assessed valuations as of the most recently ended of the Fiscal Year of the County. See APPENDIX E – "Form of Continuing Disclosure Certificate" attached hereto.

In addition, the County has agreed to give, or cause to be given, to each Repository in a timely manner notice of the following listed events if determined by the County to be material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on the debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of any credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) bond calls other than mandatory sinking fund redemptions; (9) defeasances; (10) release, substitutions, or sale of property, if any, securing repayment of the respective series of the Bonds; and (11) rating changes. These covenants have been made in order to assist the Underwriters in complying with the Rule. The County has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

The County may amend the Continuing Disclosure Certificate, and any provision of the Continuing Disclosure Certificate may be waived, provided that the following conditions are satisfied: (a) if the amendment or waiver relates to the provisions in connection with the content and provisions of the Annual Reports or Significant Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (b) the undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the respective Indenture for amendments to such Indenture with the consent of Owners of such series of Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of such Bonds.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Squire, Sanders & Dempsey L.L.P., Los Angeles, California, Bond Counsel. The proposed form of opinion of Bond Counsel is contained in APPENDIX F - "Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California and for the County and the Authority by County Counsel.

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates served as the Financial Advisor to the County in connection with the delivery of the Bonds, is a full service financial advisor, and is not engaged in the business of underwriting, trading or distributing municipal or other financial securities.

LITIGATION

To the best knowledge of the County and the Authority, there is no litigation pending or threatened against the County or the Authority concerning the validity of the Bonds or challenging any action taken by the County or the Authority in connection with the authorization of the Indentures, the Subleases or any other document relating to the Bonds to which the County or the Authority is or is to become a party or the performance by the County or the Authority of any of their obligations under any of the foregoing.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims as are presently pending will not materially impair the ability of the County to make Base Rental payments. See APPENDIX A – "The County of Los Angeles Information Statement – General Litigation" attached hereto.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") have assigned the Bonds ratings of "AAA," "Aaa" and "AAA", respectively, based on the understanding that the Insurer will issue its Policy concurrently with the issuance of the Bonds. Such ratings reflect only the views of Fitch, Moody's and Standard & Poor's, and do not constitute a recommendation to buy, sell or hold the Bonds. Explanation of the significance of such ratings may be obtained only from the respective organizations at: Fitch Ratings, 33 Whitehall Street, 27th Floor, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007-2796 and Standard & Poor's, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of any such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriters have agreed to purchase the 2006 Series A Bonds from the County and the Authority at an aggregate purchase price of \$_____ (consisting of the aggregate principal amount thereof plus net original issue premium of \$_____ and less underwriters' discount of \$_____), and to purchase the 2006 Series B Bonds from the County and the Authority at an aggregate purchase price of \$_____ (consisting of the aggregate principal amount thereof plus net original issue premium of \$_____ and less underwriters' discount of \$_____), pursuant to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Bonds offered under the Bond Purchase Agreement if any of the Bonds offered thereunder are purchased.

ADDITIONAL INFORMATION

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Lease and the Sublease may be obtained upon request from the Trustee at: U.S. Bank Trust National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Services. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Authority, the County and the purchasers or Owners of any of the Bonds.

The County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Owner may obtain a copy of any such report, as available, from the County at the address set forth below.

This Official Statement and its distribution have been duly authorized by the County and the Authority.

**GLENN BYERS
DIRECTOR OF PUBLIC FINANCE
COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175**

APPENDIX A

THE COUNTY OF LOS ANGELES INFORMATION STATEMENT

APPENDIX B

**THE COUNTY OF LOS ANGELES AUDITED FINANCIAL
STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and the Authority, the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The Authority, the County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC," "GSCC," "MBSCC," and "EMCC," also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. The conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify a Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of the Bonds held by DTC. In such event, DTC will implement, through its book-entry system, a redemption by lot of interest in the Bonds held for the account of DTC Participants in accordance with its own rules or other agreements with DTC Participants and then DTC Participants and Indirect Participants will implement a redemption of the Bonds for the Beneficial Owners.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest

evidenced by the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NONE OF THE AUTHORITY, THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR PREPAYMENT.

None of the Authority, the County or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

None of the Authority, the Trustee or the Underwriters can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the Authority, the Trustee or the Underwriters are responsible or liable for the failure of DTC or any Participants to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

APPENDIX G

FORM OF FINANCIAL GUARANTY INSURANCE POLICY
